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A QUARTERLY REVIEW OF THE POLITICS OF THE
BRITISH COMMONWEALTH

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POWER POLITICS IN THE PACIFIC

THE last issue of this review contained an article setting forth the background of the Washington treaties of 1921-22 and the London treaty of 1930, and the broad issues underlying the question of their renewal or revision. The situation has developed a good deal since then. The preliminary conversations held in London between representatives of the United States, Great Britain and Japan this summer and autumn are apparently ending in deadlock, and it seems likely that before the end of the year Japan will have given notice to terminate the Washington disarmament treaty. If so, we shall be confronted by a crisis, the gravity of which is not yet generally recognised.

I. THE RETURN OF POWER DIPLOMACY

FOR about twelve years after the conclusion of the treaties of peace, international relations were conducted, broadly speaking, on the basis of the ideas implicit in the Covenant of the League of Nations. That is to say, nations accepted—either through exhaustion or through satisfaction or through conviction—the thesis of the Covenant, that the treaty settlement, combined with the *status quo*, established a world political structure, based on national self-determination; that this structure could and should be altered as justice and occasion required by some form of pacific procedure under Article 19 of the Covenant; and that attempts to make changes by

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violence were outlawed, and would be resisted by the collective action of all League members under Article 11. Though the United States did not join the League, a very similar set of ideas, restricted to the Pacific zone, were embodied in the Four-Power and Nine-Power treaties, which were the political foundation for the Washington treaty to limit naval armaments.

This system was the "new diplomacy," which was to replace the "old diplomacy" of the pre-war age. The essence of the old diplomacy was not secrecy, as is often believed, but the use of power politics. Power diplomacy—which is the best word for the system—was based on the belief that in a world of international anarchy there were certain conflicts of interest and ideals which could not be resolved by agreement, but only by force. The adherents of power diplomacy, however, did not believe that war was the only or the necessary means of altering the international *status quo*. Though they were prepared, in the last resort, if circumstances warranted it, to go to war to achieve their ends, they recognised that they could often obtain those ends by a diplomacy which succeeded in putting their opponent in such a position that he had to yield as the alternative to certain defeat in war.

For fifty years after the Napoleonic wars the affairs of the Continent were settled by a loose association of the leading European Powers, generally referred to as the Concert of Europe, which was mainly concerned to preserve peace and the then existing political boundaries, and to bring about such changes as were necessary by agreement and not by war. The Concert had in view very much the same ends for Europe as the League of Nations has for the world, though it was much less democratic in concept and though no place was found within it for the small nations. The Concert was destroyed by Bismarck, who transformed Europe by the wars against Denmark in 1864, against Austria in 1866, and against France in 1870, and who substituted for the Concert the two opposing systems of the

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Triple and the Dual Alliances. These groups, after playing the game of power diplomacy with varying success for a good number of years, eventually plunged headlong into the world war.

The post-war League of Nations system of concert has lasted only fifteen years. The first great blow to it was the Manchukuo incident of 1931-1932, and the withdrawal of Japan from the League. The second was the withdrawal of Germany from the Disarmament Conference and from the League in 1933. Both withdrawals implied the abandonment of League ideals and a return to power diplomacy by the nations concerned—with results for the world which are only now beginning to be understood.

II. THE CRISIS IN MANCHURIA

THE Washington treaties, like the Anglo-Japanese alliance before them, had provided for the integrity of China and the open door, and Manchuria was admittedly a part of China. But the situation in Manchuria differed from that in the rest of China, in that on the one hand the government of Manchuria was in the hands of the autocrat Chang Tso-lin and later of his son Chang Hsueh-liang, who, until just before the crisis, repudiated the authority of the Nanking government, while on the other hand Japan had extensive treaty rights in connection with the South Manchuria Railway, Dairen and other concessions, including the right to maintain a railway police force. In the conditions of 1930, there were, in effect, two competing sovereignties in Manchuria—one Chinese, but not effectively controlled from Nanking, and the other Japanese.

This was, as the Lytton Commission later declared, a situation which could not last. The liberal elements in Japan, including the Japanese Foreign Office, were anxious to try and solve the Manchurian problem within the procedure of the Covenant of the League and the Nine-

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Power treaty of Washington. The military party were of opinion that the problem was insoluble by conference, that one sovereignty had to prevail over the other if order and progress were to be assured, that a solution in the Japanese sense was essential to the future of Japan, and that the question should be settled by force as soon as a favourable opportunity occurred. They decided, like Dr. Jameson in 1895, to precipitate the issue themselves, almost certainly without the consent and perhaps without the knowledge of the Foreign Office. The question remained, when was the favourable moment? They had no doubt of their capacity to overcome Chinese resistance. The real question was whether other Powers would intervene—Russia on her own account, or the United States and the British Empire under the Washington treaties, or most of the world under Article 16 of the Covenant—and, if so, whether their intervention would be effective in compelling Japan to desist. The military party finally decided that, while the protests would be vehement, neither Moscow nor Washington nor London nor the Powers assembled at Geneva would go to war or use economic sanctions. The Mukden *Putsch* of September, 1931, was the fruit of this decision—the first move in a series of events that ended logically and inevitably in the occupation of Manchuria and Jehol by Japan, the destruction of Chinese sovereignty, and the creation of the puppet or dependent State of Manchukuo.

The diagnosis of the militarists proved to be right. There were protests in plenty, but nothing more. Mr. Stimson, the American Secretary of State, proclaimed the American doctrine of non-recognition, and, as some believe, was prepared to consider some form of economic action had he been assured of support in London. To that aspect of the question we shall return later. The central fact remains that the Japanese advocates of power diplomacy were proved right. World opinion may have been behind League sanctions and the Four- and Nine-Power treaties, but

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none of the signatories was willing to put "power" into the collective system, sufficient to deter the "power" put into the situation in the interest of their own national policy by the Japanese military element. So Japan, to use an eloquent American expression, "got away with it." Her withdrawal from the League was the inevitable result. Having succeeded in Manchuria, she abandoned the collective thesis of the League and took her stand once more under the banner of the "old diplomacy."

III. THE POLICY OF JAPAN

IF we are to judge properly the situation that will arise if the Washington treaties are denounced by Japan at the end of this year, we must first arrive at an estimate of her present-day policy. This is not easy, at so great a distance; for there are two Japans—the liberal and democratic, and the militarist and imperialist—though at present the second is completely in power.

There is no doubt that at the beginning Japan had a case in Manchuria. The *status quo* clearly could not last, though some of her own nationals doubtless contributed to the difficulties. There was a good deal to be said for the view that only Japan could bring order out of chaos there. The gravamen of the charge against Japan is that, having signed a number of solemn pledges to deal with the problem in consultation with the other signatories, she decided, under the pressure of the Araki party, to ignore these treaties and the procedure they prescribed, and to settle the question in her own interest by violence. If the pacific procedure, having been given a chance by Japan, had failed, there might have been an excuse for unilateral action. But by sweeping the treaties aside Japan has exposed herself to the suspicion that the word of those elements who have replaced the older statesmen of the past cannot be trusted. It is these elements who are now in complete control in Japan, and who are clearly directing the policy towards

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the Washington treaties which is being pursued at the present conference.

So far as can be judged, the military and naval parties take the view forcibly represented in the past by General Araki. It may be summarised as follows. Japan, with her small island territory and her rising population, now over 65,000,000, with her passionate belief in the "destiny" of her people as a civilising and ruling force in the world, cannot be content to remain an island state. Inasmuch as the outer world is pre-empted, her destiny lies on the mainland of Asia, though later, perhaps, if she succeeds there, she may go even farther afield. To-day, however, she is being driven by imperious necessity to become the controlling force in eastern Asia. This for two reasons: partly because only by developing its raw materials and food supplies, turning them into manufactured articles in Japan, and selling them back to the mainland, can she employ her people at home at a rising standard of living; partly because it is her destiny to be the leader of Asia against the physical and cultural domination of Europe and America.

For the next generation she is confronted with the task of dealing with Russia and China. How she will perform this tremendous and difficult task cannot be precisely foretold. The Washington treaties, however, give to eight other signatories, and especially to the United States and the British Empire, a controlling position in Far Eastern affairs. It is true that they allow Japan naval security in her own territorial waters; for the bases of the other two navies are each more than 3,000 miles away and the fortification of intermediate bases is forbidden. But if Japan became seriously involved in the mainland, and if the United States and the British Empire chose to combine, they could prevent Japan from carrying out her Asiatic ambitions, especially if Russia were also engaged. For the Washington treaties concede that Far Eastern questions are the collective concern of all the signatories of the Four- and Nine-Power treaties.

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From the military and naval point of view now predominant in Japan, the necessary preliminary to her great Asiatic enterprise is that she should, as far as possible, close the back door, the ocean door, to the Far East against the United States and Great Britain, and deny their right to an equal voice in Far Eastern affairs. It was because the treaties compromised the destiny of Japan that the extreme military party assassinated the principal authors of the policy of agreement embodied in the Washington treaties, and eventually overthrew the moderate parties. And the reason for the decision to denounce the Washington treaties, which, in substance, was taken many months ago, is that the present controllers of Japan mean to recover a free hand in the Far East.

The preliminary to denunciation has been a formal demand for "parity," in the form that the British and American navies should come down to a common upper "ceiling." This would mean an immense strengthening of Japan's relative position without serious expense to herself, though she might be willing voluntarily not to build up to that "ceiling" for a while. It has been clear, however, for a long time, that neither the United States nor Great Britain would voluntarily concede "parity" to Japan. Japanese parity, so far as the British Empire is concerned, means complete Japanese supremacy in the Pacific; for the British navy has also to protect Great Britain, Africa, the Indian Ocean and Australasia, and can thus keep no effective main fleet in the Far East, whereas Japan has nothing else to consider. The United States is even more firmly resolved, partly because she fronts equally on the Pacific and the Atlantic, which makes it impossible for her to keep her whole fleet in the Pacific, and partly because she is not willing to agree to Japan's having at the same time an immensely greater army than her own and an equal navy. Besides, both delegations have become increasingly convinced that the Japanese Government means in any case to denounce the treaties.

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IV. THE DENUNCIATION OF THE TREATIES

WHY has Japan apparently made up her mind that in the highly probable event of her not obtaining parity, or near parity, by agreement this autumn she will denounce the treaties before the end of the year? It would seem to be as follows. If she denounces the Washington naval treaty she will be free to build what ships she likes, and will be rid of the prohibition against fortifying or creating naval bases in her Pacific islands as provided by Article 19 of the treaty. If she denounces or ignores the Nine-Power treaty relating to China as well, she will be free from her international obligations to respect the integrity of China, and to maintain therein the open door for the trade and commerce of all nations—a principle already impaired by the Manchukuo affair. She will then be able to carry out that policy of indirect control in China which was recently outlined by Japanese official spokesmen in a number of capitals, in accordance with which those who want to trade in China will have to negotiate in Tokyo and not in Nanking. She will further be able to lease a naval base in the south of China (as European nations have done in the past) and to squeeze British trade out of the Yangtse valley if Great Britain opposes her desires. Finally, if she ignores her obligation not to fortify bases in the mandated Caroline and Marshall Islands, which she took over from Germany at the end of the war, she can acquire submarine and possibly fleet bases just north of the equator, next door to Borneo and the Australian territory of New Guinea, and between the Philippines and Hawaii.* If she can do all these things with impunity, she will obviously both have closed the back door to the Far East and nullified the collective system established for that area at Washington

* There is much suspicion, as was shown by the discussion in the Mandates Commission at Geneva at the beginning of November, that Japan has already begun to fortify bases in the Caroline Islands.

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in 1922, and she will have done so in the most effective way, not only by having the power to defend her own interests, but by being able to menace Hawaii and Singapore.

The central question the power diplomats of Japan ask themselves is whether the United States and Great Britain will object—and object effectively. It is quite true that they will be free to build up to the 5:5:3 ratio, and even beyond it, if they so desire. It is quite true that the United States will be able to fortify and make bases in the Aleutian Islands and the Philippines, and that Great Britain will be able to do so at Hong Kong. It is quite true that they will be able to lend very effective assistance to China and to solicit the support of Russia, if they wish to do so. But will they? Or will there be a repetition of what happened in Manchukuo? That is the question which people who are alive to what is really going on to-day are asking themselves. The United States will probably build to maintain her ratio—at any rate for a time. But will she do more? Will she intervene to prevent Japanese domination of China or the fortification of the Caroline Islands? Will she create a new naval base in the Philippines? The present calculation is that almost certainly the United States will not intervene, even though she may build to maintain her ratio, and that she will not fortify the Philippines. As regards Great Britain, will she build to maintain her ratio? Probably she will, with great reluctance, add to her navy because she cannot afford to see the United States with a larger navy than her own and Japan with an equal one. But will she intervene to prevent Japan from carrying out the Far Eastern plans of the military party? The answer of the power politician is that whether she wants to or not she cannot do so by herself. She may have a naval ratio of 5 to 3 against Japan, but with Europe in its present condition and with a resurgent Germany she cannot move more than a fraction of her navy to the Pacific. Her ratio there is not 5, but more nearly 1. She may be able to defend Singapore and the countries to the south, but she

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cannot make her power effective beyond the Straits in the Far East—by herself. Her Yangtse trade and Hong Kong are hostages in the hands of Japan. That is to say, Japan could take them, if she wished to do so, by force, and Great Britain could not hold them by force.

The calculation of the militarist party in Japan, therefore, is that they have everything to gain and nothing to lose by denouncing the treaties. At the best, within a few years Japan will have secured that predominant position in the Far East to which she regards herself as entitled, and will have repelled the interference of Europe and America. The power of her navy will have been doubled or trebled by the provision of bases far out in the Pacific, and in the south near the Equator, while her rivals will have done nothing effective in reply. At the worst she may be confronted by a resolute united front by the United States and Great Britain, in which case she will have to retreat. But, even so, she can always get the Washington terms whenever she likes to ask for them. So she has nothing to lose.

The central question, therefore, which is being asked in the Far East to-day is, will the United States and Great Britain stand together? The Japanese military party recognise that if the United States and Great Britain stand resolutely together in defence of the Washington system, still more if they can induce Russia also to support it, Japan cannot challenge them. It is utterly impossible for Japan to impose her will on the two English-speaking Powers, who together command such immense resources in ships, aeroplanes, finance, man-power and economic necessities, and who, if they combine, can fortify positions and maintain forces in the East which can easily frustrate Japan's larger ambitions, though they cannot attack Japan herself or enter her home waters.

But the military party do not expect that the British Empire and the United States will stand together in effective fashion. The United States is deeply pre-occupied with the problem of her own economic recovery. She is lessening

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rather than increasing her Pacific responsibilities, and she professes an intention of vacating the Philippines altogether in ten years if the Islanders wish it. Since she refused to join the League of Nations she has taken no interest in the collective system, save for a brief period when Mr. Stimson tried to co-operate with the League in the Manchurian affair. On the contrary, she is more isolationist than ever. The United States, therefore, is not likely to adopt a very forward policy in the Far East, or to arrive at a basis for co-operation with Great Britain in the Pacific, especially as such a course would look like picking chestnuts out of the fire for Great Britain, who has larger commercial interests in China than has the United States.

Great Britain, on the other hand, is increasingly pre-occupied with Europe. She literally cannot act in the Far East, except in concert with the United States, and after the experience of the last fifteen years she has lost confidence that the United States will enter into any specific obligation or will take action rapidly and decisively. Hence the present British Government has never been at pains to conceal from Japan that it was not really so very hostile to the Manchukuo adventure, that it does not wish to join in any combination against her, and that if possible it is anxious to be friends with her, provided vital British interests are secure. The fundamental reason, of course, has not been approval of Japanese policy or dislike of the United States, but a weakness, amounting almost to impotence, in the Pacific, in the event of a single-handed clash with Japan. Finally, it has been the lesson of history ever since the days of Athens that democracies are proverbially slow in facing situations such as these and in acting decisively in them.

Up to the present, therefore, the Japanese military party have seen no reason for fearing the resolute Anglo-American co-operation in the Pacific which alone might induce them to renew, in substance, the Washington treaties. Indeed, hitherto, the United States has never varied from her

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fundamental determination not to enter into any special commitments, whether with Great Britain, or for the collective system in the Pacific, or with anybody else. She has regard solely for her own interests. And the British Foreign Office, convinced that no definite obligation will be undertaken by the United States, has not varied from its determination not to form part of an Anglo-American front against Japan, even though it is Japan who is proposing to tear up the Washington treaties. It is trying to play equally with both sides. From the point of view of a power diplomat in Japan, is not therefore the obvious course to denounce the treaties and to play a hand which may be vastly more profitable if also vastly more dangerous than that played in Manchukuo two years ago?

V. THE CHOICE BEFORE GREAT BRITAIN

THE crisis that will arise if Japan denounces the Washington treaties and destroys the collective system therein set up will present three possible alternative policies for the British Commonwealth. The first is to build *pari passu* with Japan so as to maintain the ratio of 5 to 3, and to station a much enlarged fleet at Singapore and in the Pacific so as to defend British interests and the Washington principles in the Far East. The objection to this course is that it is expensive, and that, in itself, it must lead inevitably to a collision with Japan, in which Great Britain, by reason of the distance from her main home base, would be at a great disadvantage. Could she, by herself, resist the squeezing out of British trade on the Yangtse or the creation of a naval base in south China?

The second possibility is to try to come to terms with Japan while retaining friendly relations with the United States. This is a policy that has had many advocates, especially among the services. It has been seriously considered by the British Government. It seems to solve

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the problem. Why not get back to the situation as it was under the Japanese alliance? That alliance worked very well from 1902 to 1922. It did not embroil us with the United States: indeed, there was a clause relating to arbitration which excluded the United States from its operation. It prevented the Sino-Russian war from developing into a general war and saved Japan from being interfered with, as she had been after the Sino-Japanese war. It enabled Great Britain to remove almost the whole of her fleet to the North Sea to meet the menace of the growing German navy, while the security of eastern parts of the Commonwealth was assured; and it kept Japan—though for a moment the issue was in doubt—on the Allied side during the world war. It therefore served very well the interests of both sides and kept the peace of the Pacific. Why should we not come to some similar arrangement now, while still maintaining the most friendly relations with the United States?

Attractive as this proposal seems, the more closely it is examined the less practicable does it appear. In the first place, the position and purpose of Japan have entirely changed. Then, Japan was a small nation, thinking mainly of her own security as against Russia and how she was to protect herself against European intervention. Now she is a powerful State, at present in the hands of what is practically a militarist dictatorship. The Anglo-Japanese alliance provided for the integrity of China and the "open door." To-day it is the avowed policy of the present rulers of Japan to impair both. Then, British and Japanese interests did not conflict. Now they conflict abruptly, in China, in trade all over the world, and in naval matters. If there is to be an agreement with Japan it will only be because Great Britain pays a price that makes it worth Japan's while. She will not enter into an understanding with Great Britain merely to maintain the principles of the Washington settlement. If she was prepared to uphold those principles she would renew the treaties and

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thus keep on good terms with the United States as well. Before her present leaders would guarantee the security of British possessions and trade in the East, they would require in return agreement to new Japanese fortifications, to the ending of the collective system, and to some such arrangement as a non-aggression treaty compelling us to be neutral in the event of trouble between Japan and the United States. The net result would be that we should be left helpless and impotent between Japan and a United States which would certainly refuse to come into line.

Could Great Britain make such an agreement with Japan without both estranging the United States and breaking up the Commonwealth—and incidentally damaging her trade with the Chinese irretrievably, by deserting China in her hour of need? There is no need to elaborate the effect on United States opinion of our being willing to abandon the principles of the Washington treaties in order to enter into a special arrangement with Japan, which would force us to be a neutral, friendly to Japan, in the event of a Japanese-American crisis. Canada, as in 1921, would inevitably take the same view as the United States. So probably would the Irish Free State and South Africa. General Smuts said so unmistakably only a few weeks ago. Australia and New Zealand, driven to choose between the United States and Japan, would certainly prefer the greatest "white" Pacific Power.

Our moral position in coming to special terms with the nation that had violated the Covenant and the Four-Power and Nine-Power treaties would be open to grave reflection. Nor would we even have reliable material advantages to set against the moral stigma; for in view of our experience with the Nine-Power treaty how long would the agreements be effective as security for the British Commonwealth in the Far East? Would they last any longer than it paid the Japanese military party to respect them? And, finally, what would be the effect on that intangible but very real thing, our prestige in India and the East—indeed, in the world—if

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in our weakness we came to terms with a militarist Japan, obviously because we were afraid of her, thereby delivering a further blow to the liberal forces in Japan itself? There is clearly no passable road in the direction of a special understanding with Japan.

We come now to the third alternative—co-operation with the United States in dealing with the Pacific problem on the broad principles to which we agreed at Washington in 1922. The primary difficulty here is the isolationist policy of the United States. Her rejection of the League of Nations, her infliction upon Europe of the disasters that arose from her sudden withdrawal in 1920, the purely nationalist view of war debts and reparations that she has adopted, and her refusal to take part in any collective organisation for peace—save the Kellogg Pact, which at present is a mere statement of principles—have convinced the rest of the world, and Great Britain in particular, that it is impossible to found a policy on co-operation with the United States in *action*. We can agree on principles of policy, but not on the means whereby the policy is to be made effective, if peaceful agreement should fail. Yet co-operation in the Pacific between the United States and Great Britain, in the circumstances outlined in this article, is possible only if the United States is prepared to act. Great Britain cannot embark upon any active policy which may induce Japan to use force, or may involve the use of force by herself, beyond the line Singapore—Borneo—New Guinea—New Zealand, unless the United States is also engaged. And the reason is clear: while the United States is able to deploy formidable power in the Pacific, Great Britain is able to deploy but a small amount of power, though the two acting together are immensely strong.

On the other hand, there is no use in our putting all the blame on the United States. In 1932 it was Sir John Simon and the British Foreign Office—acting, no doubt, under pressure from the Committee of Imperial Defence—

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who destroyed the Anglo-American co-operation on the Pacific question that Mr. Stimson, then Secretary of State, was striving to bring about. This is not necessarily to endorse the view that, if from the start the United States, Great Britain and the League had maintained a strong and united diplomatic front on purely pacific lines, Japan would have yielded, and the liberal forces in Japan would have recovered their power. There is a great deal to be said for the British view that nothing that was open for anybody to do in 1931-32 could have prevented the evolution of Japanese policy in Manchuria, unless it had been made clear from the start that the Powers of the League, together with the United States and Russia, were prepared to use sanctions, if necessary, up to the point of war. Historians will debate this issue to the end of time, and the answer will remain uncertain. The charge against Sir John Simon is that when Mr. Stimson, with the backing of President Hoover, had committed the United States to co-operation with the League of Nations, and with Great Britain in particular, in trying to maintain the collective system as formulated in the Washington treaties, this co-operation was flouted by Great Britain. The British Foreign Office seldom missed an opportunity of making clear to Japan and the world that it did not associate itself with the views of the United States, even though in the end it came down in favour of the League declaration of non-recognition. The real case is not that the Manchukuo policy failed, but that Sir John Simon and the Cabinet did not see the supreme opportunity for bringing the United States into active co-operation with the collective system in the Pacific, had they seized the chance presented to them by Mr. Stimson.

On both sides, therefore, the chickens of non-co-operation are coming home to roost. The defection of the United States in 1920 has made the rest of the world believe that they cannot do business with her. The defection of Great Britain in 1932 has left her to face the far more dangerous Pacific situation of 1934-35 alone.

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None the less, Anglo-American co-operation is the only way of solving the problem and of avoiding a far more serious crisis later, when the result would almost certainly be a world war. This co-operation should in no way be anti-Japanese—unless a militant policy on the part of Japan makes that inevitable. There is, we think, a great deal to be said for Japan's view of the Manchuria situation, though nothing for the way in which she broke her engagements. We believe that the whole Far Eastern problem should be reconsidered in the light of events in the last twelve years, and that the claims of Japan to an altered status should be given friendly consideration. We wholly endorse the words of General Smuts on this point in his speech of November 12. But there are three essential conditions. The first is that the political discussion should take place round a table and not under threat of power diplomacy, and that it should maintain the principle of the collective or joint settlement of Far Eastern disputes. The second is that the new settlement should give real security to the three Powers principally concerned, partly by a limitation on the number and types of naval armaments, and partly by a scheme of non-fortification precluding any one Power from imperilling the security of the others. The third is the maintenance of the integrity of China and of the "open door." These are the real issues that will be raised by the denunciation of the treaties. Does Japan mean to abandon these principles and to play a lone hand? There are many ways in which they could be preserved without perpetuating the 5:5:3 ratio, which is now so obnoxious to Japan, and while admitting the special position that Japan must necessarily occupy in the Far East, so long as she respects the basic Washington principles.

We believe that if the United States and the British Empire make it perfectly clear during the next few months that they mean to uphold these basic principles, while doing the fullest justice to Japan's political claims, and to stand together in supporting them should no tripartite agreement

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emerge, then a friendly solution can be reached. For the militarists understand that kind of argument and will yield to it, while it will help the "elder statesmen" and the liberal elements to see clearly that the policy of the young militarists must sooner or later force on a war in which the United States, the British Commonwealth, Russia and China would be combined against Japan, and that that way destruction lies. Provided the two great English-speaking Powers are ready to recognise Japan's special position, to make such modifications in the naval terms as are compatible with those basic principles, and above all to stand resolutely together in defence of their policy, then it should be possible to persuade Japan that on the long view it is the wisest policy for her to remain on good terms with them and to continue to settle Pacific problems in friendly co-operation with them.

But if the two English-speaking Powers fail to come together, still more if they act separately, if Great Britain begins to talk of coming to terms with Japan on her own account, as some of her leaders have done, and if the United States insists on acting alone in the Pacific, refusing any undertaking to support the Washington principles by collective action, the Japanese militarists will win without serious difficulty the position they are seeking. They will repeat on a far greater scale the power diplomacy which succeeded so well in Manchukuo, but which eventually leads those who practise it to the abyss in which Germany has found herself since 1914.

VI. THE DOMINIONS, THE UNITED STATES, AND JAPAN

GRANTED the need for Anglo-American co-operation in the Pacific in support of the Washington principles, we must go on to ask what are to be the terms of that co-operation, if and when the question of power should arise. There is a limit to what Great Britain can do.

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Great Britain to-day is in the firing line, so to speak, in the North Sea, along the French and Belgian frontiers, in the Mediterranean, at Suez and on the desert frontier at the head of the Persian Gulf, along the Indian frontier, at Singapore, and so to Australia and New Zealand. Both in self-defence and in support of the collective system in Europe she has to bear the brunt. Even that line she can barely hold by herself. She cannot extend it across the Pacific, though her contribution in support of such a Pacific line in co-operation with others would be very great. What is to be the contribution of Canada, Australia, New Zealand, South Africa and India to the solution of the Pacific problem? It is their problem even more than Great Britain's—and in the realms both of diplomacy and of air defence they have much to offer.

Even more important, what is to be the contribution of the United States? If Great Britain is to co-operate with her in the Pacific, she must know where America stands, just as America is entitled to know where Great Britain stands. Great Britain cannot afford to oppose Japan, and then find that she is left to deal with the situation alone; for while she is powerful in support she is almost powerless alone. Rigid isolationism on either side is incompatible with Anglo-American co-operation in the Pacific. The United States, even though she still refuses to support the collective system in Europe, must become part of it in the Pacific, if the Washington system is to survive.

These are very vital questions. They may come up for discussion between the United States and Great Britain at a very early date. They will have to be considered at the meeting of Empire Prime Ministers next May, if, as seems certain, the treaties have been denounced by Japan. They are the gravest issues that have confronted the Commonwealth since the world war. For the breakdown of the collective system in the Pacific would almost inevitably be the final blow to its effective continuance in Europe also.

Finally, let us add, this article is written in no spirit of

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hostility to Japan. The British people have long had an admiration for the people of that country. But their admiration was founded on the wise, moderate and statesmanlike policy which Japan pursued under the guidance of her elder statesmen. It is the best friends of Japan who are now most anxious about her future, lest she abandon co-operation with her associates in the Washington treaties, follow the lead of her short-sighted young militarists and power diplomats, and embark on a course which can only lead herself and everybody else to disaster. Hence our belief that the only wise course for everybody is to renew the Pacific concert in some form which safeguards its two basic principles of security for all and collective guarantees for the integrity of China.

IRELAND AND THE COMMONWEALTH

Note.—The following article has been written at the request of THE ROUND TABLE by a citizen of the Irish Free State who is a close observer of its political movements. His distinct Nationalist sympathies do not prevent him from regarding the problem of the relations between Great Britain and Ireland in the light of the wider interests of the British Commonwealth as a whole. The views that he expresses are his own, and are not in any sense to be taken as those of THE ROUND TABLE. We hope to publish later an article or articles on the Irish problem, expressing the views of other sections of opinion, especially in Northern Ireland, but likewise inspired by a regard for the welfare of the whole Commonwealth.

* * * *

It is too probable that no plan we propose will be adopted. Perhaps another dreadful conflict is to be sustained. If, to please the people, we offer what we ourselves disapprove, how can we afterward defend our work? Let us raise a standard to which the wise and honest can repair; the event is in the hands of God. George Washington at the Philadelphia Convention, 1787.

THIRTEEN years have passed since the Anglo-Irish Treaty was signed in December, 1921. Many people, on both sides of the Irish Sea, hoped and believed that the Treaty would end, for our time at all events, the secular struggle between England and Ireland, and that the new Irish Free State would take its place as a contented and prosperous unit of the British Commonwealth, in the creation of which its people had played such a

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considerable part. It seemed reasonable to suppose that the soothing effects of time, experience, and common sense would bring to Ireland, as they had brought in somewhat similar circumstances to Canada and South Africa, eventual unity and peace. These hopes have, unfortunately, not been fulfilled. The Irish problem remains—removed, it is true, from its former position as a domestic quarrel confined to these islands, into the wider domain of Commonwealth affairs, but perhaps all the more serious in its implications on that account. In those thirteen years the influence of Ireland has revolutionised Commonwealth relations. It is time that some attempt was made to consider impartially the origin of this problem, the developments that have recently taken place, and their predictable effects. The purpose of this article is, therefore, to examine frankly the reasons, political and historical, why Ireland still remains England's greatest unsolved problem, to point out the immediate and probable results—particularly in relation to the Commonwealth—of the failure to solve it, and to suggest, if only tentatively and in all humility, a possible approach to a solution, honourable and satisfactory alike to both countries.

I. THE HISTORICAL BACKGROUND

THE facts that govern and create the present situation in Ireland are relatively simple, the historical reasons for their existence complicated. It is essential to understand both one and the other if right conclusions are to be arrived at, for Ireland's present condition is the result of her past history and her geographical position. Ireland in relation to Europe is an island beyond an island, shut off by Great Britain from European invasion and influence, and in turn shielding Great Britain from the enervating currents of the Atlantic. This physical proximity has had inevitable political results. Whilst England remained

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a small unimportant country Ireland was free and prosperous, but as soon as the British people began to become strong and powerful they sought, naturally enough, to control the sister island in order to strengthen their own economic and strategic security. An independent Ireland would undoubtedly then have been a serious menace to the growing British realm. If the two peoples had been fused into one, the Irish question would not have arisen.

But Ireland was not only an island ; it was also inhabited by a distinct Celtic race, who refused to be assimilated by their Norman and Saxon neighbours. And to the difference of race was later added that of religion. Converted to Christianity in the fifth century, Ireland remained Catholic at the Reformation, which thus raised fresh barriers between the two countries. Religious persecution increased racial hatred, and for two centuries poisoned the wells of national intercourse, with permanent and disastrous results. At the same time England planted in the north-eastern corner of the country a Protestant colony of Scotch and English origin—a foreign body that, unlike most others, has never since been entirely assimilated by the Irish people. It is almost impossible to exaggerate the importance of these events in widening the breach already existing between the two islands and perpetuating its existence. The penal laws of the eighteenth century reduced the country to complete servitude. But the desired end of extirpating the Catholic religion was not attained. Its rites were practised in secret, and the number of apostasies was infinitesimal. The Catholic gentry fled to the Continent for education, and served bravely and with distinction in the armies of France, Austria, and Spain against their persecutors.

Finally, the subordinate parliament of the Anglo-Irish Protestant ascendancy, which had been established in Dublin, influenced by the American Declaration of Independence, demanded legislative freedom ; 200,000 Irish Volunteers, enrolled to safeguard Ireland against a

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French invasion, presented a demand which could not be ignored. In 1779 the Irish Government secured the abolition of all commercial restraints, and in 1783, by the Renunciation Act, the English Parliament yielded to the threat of force and renounced formally for all time its right to legislate for the people of Ireland. No bond, save that of the Crown, united Ireland to England; she had become a sovereign and independent nation. Grattan, the leader of the Irish Parliament, perceiving the necessity for national union to maintain what he had won, did not hesitate to tell his co-religionists that the Irish Protestant would never be free while the Irish Catholic was a slave. The question was, he said, whether they were to be an English colony or an Irish nation. Unfortunately, no adequate steps were taken to emancipate the Catholic population. A new era, however, seemed to have begun for Ireland. Once the English commercial restraints were removed, economic prosperity returned as though by magic.

But if the American Revolution had furnished the inspiration for Irish independence, the French Revolution was destined to destroy it. Its doctrines spread to Ireland. In Belfast, strange to say, the more advanced spirits desired complete separation from England, and dreamed of founding an Irish republic. The republican ideal, which soon came to signify separation rather than a theory of government, had taken root in Ireland. Under Wolfe Tone, the United Irishmen, sprung from the Volunteers, advanced in the direction of Jacobinism. This was the English Government's opportunity. Shocked by the excesses in France, the large body of moderate opinion in Ireland, both Protestant and Catholic, deserted the leaders of the United Irishmen; instead of a united nation, the Government had now only to deal with a small body of revolutionaries. After 1793 it was able to disarm and disband the Volunteers. Their leaders sought aid in France, and Hoche made a vain attempt to land in

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Bantry Bay. The party of coercion gained the upper hand in Dublin Castle, revived the spirit of religious discord, and finally, by measures of excessive cruelty, provoked the rebellion of 1798, a mere rising of peasants maddened by provocation, which was easily repressed. Wolfe Tone, captured in French uniform, was tried and condemned to death, but committed suicide. Like most Irish patriots more powerful in death than in life, he became the father of the Irish republican movement. A reign of terror followed. The Irish people were once more crushed, and the English oligarchy in Ireland was confirmed in its privileges.

The Union of 1800 was the immediate outcome of the insurrection of 1798, as it was the less immediate result of the bloodless revolution of 1782. The Irish Protestant Parliament, which had secured its independence and was about to unite the Irish nation, paid the penalty of destruction, and was merged in the Parliament of Westminster. England wished to have done with the Irish nation, the Irish Parliament, and the rights of Ireland. Pitt could have imposed the Union upon Ireland by force, but he preferred to carry it by corruption. The unbribed intellect of Ireland was wholly against the measure, but votes were bought wholesale, and every official who opposed it was dismissed.

Half a century later, the famine of 1847—caused by the failure of the potato crop in three successive years—led to an exodus of the people to America, which continued intermittently for eighty years, and has profoundly influenced the social life and foreign policy of the United States. The Irish exiles carried with them abroad a hatred of English rule which had far-reaching results. After six centuries of invasion, wars, plantations, massacres and persecutions, Ireland under the Union, during nearly the whole of the nineteenth century, remained bound to England against her will, subject to civil and political oppression, and to economic and financial exploitation, but

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also, through many of her most gifted sons, contributing in no small measure to the administration and development of the growing British Empire. She never really renounced her national rights, and never ceased to struggle for their recognition, making use by turn of two different methods, one constitutional and parliamentary, by which O'Connell secured Catholic Emancipation and sought to repeal the Act of Union, and Butt, Parnell and Redmond worked for Home Rule—that is to say, a moderate measure of self-government within the Empire; the other revolutionary, working sometimes through passive resistance to English rule and internal reconstruction—the policy of Young Ireland in 1848, and Sinn Fein in our day—and sometimes through armed insurrection—the policy of the Fenians and afterwards of the Irish Republican Army, whose object was complete separation from Great Britain and the British Empire. Between these two policies Ireland alternated regularly for a hundred years. When one flourished the other declined; whenever constitutional action was paralysed or destroyed, unconstitutional action took its place. What English statesmen refused to yield to argument they invariably conceded later to violence.

Unfortunately, during this process, Ireland became a pawn in the English party struggle. Irish votes at Westminster were given to the party that was prepared to yield most to Irish demands. English political life was disorganised by Irish discontents. On several occasions the Irish problem might have been solved by agreement if English politicians had been prepared to forget party advantage in the interests of international peace. Such opportunities presented themselves in 1885, in 1914 at the outbreak of war, and in 1916 after the rebellion, but party always triumphed over reason, and the struggle went on until the Coalition Government, in 1921, yielded to force far more than Irish statesmen had sought by constitutional methods.

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For forty years before the war constitutional action held the field in Ireland. Under Butt, Parnell and Redmond, the National Parliamentary party, encamped at Westminster, wrested from a hostile English Parliament large measures of social and agrarian reform. In 1898 local government was granted by a Conservative Government. From that moment England could not look back. She had either to grant full legislative freedom or abolish the pretence of parliamentary government in Ireland. In 1904 an almost unknown Dublin journalist, Arthur Griffith, had started a new policy in Ireland by the publication of a pamphlet, in which he drew an interesting parallel between Hungary and Ireland, and demanded that Ireland should take her stand on the Renunciation Act of 1783, and refuse to send members of Parliament to Westminster. Thus was initiated the Sinn Fein movement, meaning "We Ourselves," so called to indicate that it was based on a policy of national self-reliance. It demanded the restoration of government by the King, Lords and Commons of Ireland; and its aim was then in no sense republican. But the success of the National Parliamentary party in obtaining the introduction of a Home Rule Bill and other ameliorative measures prevented the new movement from attaining large proportions, and, at the outbreak of the war, John Redmond spoke for a virtually united people when he offered to England in a few touching and simple words Ireland's moral and material support. Ireland, in Sir Edward Grey's famous words, was "the one bright spot on the horizon of the Empire and of the world."

The generous nature of Redmond's offer was, however, unfortunately not recognised, and the opposition of Ulster was allowed to destroy a great opportunity that never recurred. Two years before, Sir Edward Carson, with the full support and encouragement of the English Conservative party, had formed a provisional government in that province to resist Home Rule. This government was

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backed by a trained force of volunteers, fully armed. But the germ of revolution is infectious. The extreme element in nationalist Ireland, seizing this heaven-sent opportunity, called upon the young men of Ireland to join the Irish Volunteers, to "defend and uphold the rights and liberty of the whole Irish people." Redmond, like Grattan, tried to adapt this new instrument to his policy, but the English Liberal Government, at last perceiving the error of its ways, and reluctant to concede to nationalist Ireland what it had been afraid to deny to Ulster, proceeded to prohibit the importation of arms. When the Irish Volunteers, like their Ulster brothers, sought to import them a few days before the outbreak of war the attempt ended in bloodshed. The Liberal Government had attempted to appease Ulster by offering to exclude for six years from the Home Rule Act those Ulster counties which voted for exclusion. Redmond accepted this offer, but Carson refused, insisting that the exclusion should be permanent and should be applied to the whole of Ulster. A conference, summoned by the King to find a solution just before the outbreak of war, had led to a complete breakdown of negotiations.

At last the Home Rule Act was passed, on September 18, 1914, but its application was suspended until the termination of the war, and the British Government pledged itself not to coerce Ulster. Nationalist Ireland felt that it had sold its birthright for a mess of pottage. Nevertheless, two years after the war had begun, over 200,000 Irishmen were serving with the British forces on sea and land, in spite of malignant official ill-will and opposition. Faced with these events, the Irish people naturally relaxed their efforts, recruiting fell off, the anti-British spirit strengthened and became active. They had given freely and received nothing in return. Redmond, they felt, had been betrayed. The small extremist minority of the Volunteers, who had broken away from the main body when it accepted Redmond's policy at the beginning of the war, encouraged

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by the Irish in America, entered into negotiations with the German Government and on Easter Monday, 1916, raised a rebellion in Dublin. It was not an Irish rebellion, but a rebellion of a small minority in Ireland. After military operations, in which much blood was shed and valuable property destroyed, the revolt was suppressed. The Irish people as a whole were at first surprised, alarmed, disgusted. Had the rebels been treated with indulgence, even sent home, they would have been covered with ridicule and ceased to count. Instead, sixteen were executed, and thousands imprisoned and deported. Almost overnight they became heroes, and the Irish republic they had proclaimed became for the first time a reality in Irish hearts. In one day all the suspicion and distrust which forty years of patient work had largely allayed were revived.

The British Government, seeking to repair its mistake, offered at last to put the Home Rule Act into immediate force on conditions which Redmond and Carson alike accepted, but the die-hard Conservative element in England refused to agree, the Government gave in, and the resentment of Ireland was accentuated. The failure of Mr. Lloyd George's Government in 1918 to implement the majority report of the Irish Convention, which recommended a modified form of Dominion Home Rule with safeguards for Ulster, increased this resentment. The Convention had, it seemed, served its purpose by shelving the Irish question till America was fully blooded in the war. The attempt to enforce conscription was the last straw. The people felt that constitutional agitation had failed. Once more they turned to extreme men and extreme measures.

Among the leaders of the 1916 rebellion was a young Irish American, Eamon de Valera, whose foreign origin had saved him from execution. Upon him devolved the leadership of the new revolutionary movement, which, at the general election of 1918, swept away the old Irish Parliamentary party. In 1917 it had already absorbed Griffith

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and his Sinn Fein movement, which then adopted the republican formula and declared that "Sinn Fein aims at securing the international recognition of Ireland as an independent Irish republic," but, that being secured, "the Irish people may by referendum freely choose their own form of government." This strange formula was an attempt to reconcile the conflicting aims of Griffith and the doctrinaire republicans, which later came to an open clash over the Treaty. For three years the leaders of the new movement, by guerilla warfare and political agitation, which included abstention from Westminster, struggled to attain their ends. This struggle culminated and concluded in the Treaty of 1921. The Home Rule Act of 1920, a measure which, for the first time, permanently excluded Ulster from any future scheme of Irish self-government and set up subordinate parliaments for North and South, had been contemptuously rejected by nationalist Ireland.

There emerge from this rapid survey some salient facts which must be emphasised. Ireland is obviously in a unique position amongst the nations of the British Commonwealth. While it is the youngest member of that association, it is also its oldest nation, a mother country, not a colony. Unlike the Dominions proper, it has achieved its present position as the climax of a long and often bitter struggle for national freedom, complicated and intensified by religious persecution. The Irish Free State is the result of revolution rather than evolution. Geographically nearer to England than the other Dominions, in race and religion it is much further away.

The great majority of the Irish people have never been actively loyal to the British Crown; at the most they have only passively acquiesced in conditions they were powerless to change or prevent. But it is only right to point out that, in spite of Ireland's proximity, royal visits have been few and far between. The Irish people are strongly inclined to personal loyalty, and would have responded quickly to

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proper treatment in this matter. Finally, whereas the political development of the other Dominions has been the result of an agreed British national policy, Ireland has been a pawn in the British party struggle, the victim by turns of cajolement and coercion. Northern Ireland, neither province nor nation, is the fruit of that unfortunate fact. The Treaty, as we shall now see, was the direct result of all these influences. It did not, unhappily, exorcise the demon of distrust, which is the real root of Anglo-Irish misunderstanding.

II. THE TREATY AND ITS RESULTS

THE Treaty was a compromise, won by armed rebellion from Great Britain, and considered in Ireland preferable to a renewal of war. Like most treaties, it is an agreement which neither party can honourably repudiate as having been exacted by force, and one which it is morally and legally indefensible to ignore. During the preliminary negotiations Mr. de Valera had claimed the recognition of Ireland as an independent State associated with the British Commonwealth, and had finally agreed "to examine how the association of Ireland with the community of nations known as the British Empire could be reconciled with Irish national aspirations." This formula did not imply, on the part of England, a complete renunciation of its control, or, on the part of Ireland, an admission of allegiance. Unfortunately, it was capable of two interpretations. Mr. Lloyd George construed "the association of Ireland" with the Commonwealth as meaning "within" the Commonwealth, whereas Mr. de Valera was determined to accept only an external association, and, for him, "with" therefore meant outside the Commonwealth. This demand for external association (which really differs in no way from an ordinary international alliance) is still the basis of his policy. Apart from these fundamental differences, serious difficulties

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arose during the negotiations concerning the oath of allegiance to the Crown and the position of Northern Ireland. After two months of negotiation the Treaty was signed, but not before Mr. Lloyd George had pointed out that the alternative was an immediate renewal of military operations in Ireland.

The Treaty provided that the new Irish Free State should have the same constitutional status as Canada, with the usual parliamentary form of government. The six north-eastern counties of Ulster, in which the Home Rule Act of 1920 had set up a subordinate parliament, were given the choice of contracting out, of which they immediately availed themselves. The transformation of "Dominion status" which the Treaty brought about was exemplified in three innovations: the conversion of convention into law, the use of a new form of parliamentary oath, and the incorporation of the settlement arrived at in the legal frame of a treaty. The oath prescribed by the Treaty was not the old unqualified oath of allegiance. It pledged allegiance only to the Constitution, under which the King derives his sole authority from the sovereign will of the Irish people. But, although the Treaty in effect constituted a recognition of Irish sovereignty, the State thus recognised had agreed under its terms to accept Dominion status. The settlement, in fact, followed closely the original policy of Sinn Féin, except for the exclusion of Northern Ireland. The British Government formally acknowledged the Irish demand for an undivided Ireland by agreeing that the Free State was to embrace the whole country, until Northern Ireland decided to exclude itself. The ink of the signatures to the Treaty was hardly dry when Mr. de Valera repudiated the action of the Irish representatives. Nevertheless, in spite of fierce opposition, the Treaty was finally approved by the Irish Parliament and the Irish electorate. Then came chaos and civil war, which left a permanent legacy of personal bitterness between the leaders involved.

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The Cosgrave Government, which brought this struggle to a successful issue, remained in office until 1932, having in the meantime survived three general elections. From the very outset their policy in relation to the Commonwealth was definitely centrifugal. Ireland was clearly not a Dominion, as that term had been hitherto understood. The automatic transplantation of the Dominion form of government—which derived its strength from its very lack of precision, under quite different psychological, geographical and economic conditions—to a nationally self-conscious European people in close proximity to Great Britain, distrustful of its neighbour, and bent on strictly defining its position and asserting its rights, was bound to involve far-reaching consequences, both for the mutual relations of the two countries and for the Commonwealth as a whole. The monarchical framework of Dominion status was adopted, but it was subjected to so restrictive an interpretation as to nullify it in both form and substance. The Constitution of the new State was the first example of these tendencies; for it derived from the enactment “in the exercise of undoubted right”* of an Irish Constituent Assembly, which acknowledged “that all lawful authority comes from God to the people,” and, whatever the value of this declaration, implicitly denied any other authority. Although its structural design was that of a limited monarchy, its tenour was essentially republican. A king, invested with the attributes of a constitutional monarch, was the head of the State, but he was king *et praeterea nihil*, in a system of government which “derived all authority from the people of Ireland.”† A pronouncement of such theoretical character and revolutionary antecedents would clearly have found no place in the constituent Acts of the other British Dominions, which derived all their legal authority from the British Parliament.

The first article of the Constitution stated that the Irish Free State was “a co-equal member of the community of

* Preamble to the Constituent Act. † Article 2 of the Constitution.

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nations forming the British Commonwealth of Nations," and this emphasis on distinct nationality dominated from the beginning the whole policy of the new Free State Government. It adopted at once a distinctive national flag, the green, white and orange tricolour of the abortive Irish republic, symbolising in its colours the eventual unity of Ireland, and a national anthem, "The Soldier's Song," which had been the inspiration of the republican army. Its postage stamps and coins ceased to bear the King's head, its stamps showing instead an inaccurate political map of an undivided Ireland, and its coins the fauna of the country. These things, small in themselves, were deeply significant.

More important developments were to follow. The Irish Free State Government insisted that the Governor-General should be appointed by the King on their exclusive advice, that they should have direct approach to the Crown, and be granted a Great Seal for their own use. The concession of this last claim was of fundamental importance; for it removed the power which the British Government had possessed of securing consideration of any proposed international action. The office of Governor-General was divested of all discretion, and restricted to those formal functions in which he acted merely as a symbolic embodiment of the general will. In all but name he became the merely titular head of an autonomous State with less power than any republican president. As regards the right of appeal to the Judicial Committee of the Privy Council, which the Constitution reserved, the Cosgrave Government insisted on its being reduced to cases where international issues were raised, and where this restriction was ignored they reversed the Committee's decisions by statute. They finally pressed for its complete abolition. Their designation of the Minister for Defence, instead of the King, as Commander-in-Chief of the Free State army is another instance of Irish insistence on the internal sovereignty of the Free State, an insistence still more

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forcibly emphasised in the phrasing of the military oath, which contains no reference to the Crown.

In the domain of external affairs the Cosgrave Administration were equally determined to enlarge Irish freedom. They appointed Ministers to Washington, Paris, Berlin and the Vatican. A papal nuncio in Dublin established for the first time official relations between Ireland and the Vatican, thus formally recognising a unique spiritual relationship. In signing the Optional Clause concerning the submission of international disputes to the Permanent Court of International Justice, and the General Act of 1928 for the pacific settlement of international disputes, the Free State made no reservation concerning disputes between members of the British Commonwealth, as had been done by Great Britain, the other Dominions and India. In February, 1929, during the King's illness, the Free State Government insisted that only the royal members among those authorised to sign on his behalf should act as signatories of the ratification of treaties and similar documents, because only they could be said directly to represent the King. Finally, as the result of the discussions at the Imperial Conference of 1926 and 1930, the Free State Government were largely responsible for the passing of the Statute of Westminster, which prevents the British Government from legislating for any Dominion without its consent. As a result, the constitutional powers of the Irish Free State are limited only by the Treaty of 1921.

Whilst the Cosgrave Government had been content to enlarge the freedom of the Free State by negotiation and mutual agreement with the British Government within the terms of the Treaty, Mr. de Valera's Government have altered the Treaty without negotiation and without regard to the international convention that documents of such a nature should only be altered bilaterally. Elected to office in 1932 on a programme which promised as its main features the abolition of the oath of allegiance and the retention of the land annuities paid by the Irish farmers to

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the British Treasury in repayment of the loans raised to provide money for the purchase of their holdings, they promptly proceeded to put this policy into effect, and obtained an increased majority at a second election in January, 1933. Mr. de Valera coupled his republican train to the land annuity engine, with remarkable results. In spite of much opposition, his Government abolished the oath of allegiance, thereby committing a clear breach of the Treaty. They followed this up by abolishing the appeal to the Privy Council, and the last formal rights of the Governor-General to recommend the appropriation of money, and to withhold assent from or reserve Bills. In October, 1932, they forced Mr. McNeill, the Governor-General, who had publicly resented the insults to which they had subjected him, to relinquish his office, and appointed in his place an elderly country shopkeeper, who, installed in a suburban villa, refuses to take any part in public affairs. They have publicly stated that their next step will be to abolish the office of Governor-General—which, indeed, would be more honest. Short of declaring a republic, it is difficult to see what remains for them to do.

The financial dispute with Great Britain they have refused to submit to Commonwealth arbitration, but they are prepared to leave the issue to the Permanent Court of International Justice. If the Treaty of 1921 was an international instrument, as they contend, they are clearly within their rights in taking this attitude, and cannot, therefore, be deemed in default. But it is clear that this question is merely subsidiary, and an accommodation could easily be found by reasonable negotiators who were prepared to recognise the change that has taken place in the economic condition and relations of the two countries. The real problems lie elsewhere, and involve the future relations of Ireland as a whole to the British Commonwealth. If even an approach could be made to their solution, the financial dispute would soon be settled. It is only a symptom, and not the disease.

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III. THE FUTURE

THE difficulties that must be surmounted if any settlement is to be arrived at are both political and psychological. The Irish people not only distrust English politicians from bitter experience, but, unlike the English people, are inclined not to stand resolutely behind their leaders in times of serious crisis, but to desert them for extremer men. The lives and deaths of O'Connell, Parnell, Redmond, Collins, Griffith and O'Higgins are eloquent reminders of this sad fact. "They will always pull down the noble stag," said Goethe of the Irish. The results of this tendency are apparent in the present position of Mr. de Valera. He demands a republic for all Ireland. He cannot ask for more, but he can only take less from England at his peril. He is, in fact, the prisoner of his own past. He either will not or cannot realise that the possible can be lost in striving for the impossible. Although he may talk vaguely about being willing to enter into a special relation with the States of the British Commonwealth in what might be described as a smaller League of Nations, pledged to co-operation on matters of agreed common concern, he is also careful to add that there can be no question of accepting the British Crown.* Such a relation would, of course, be only an ordinary international *entente*. The history of his past negotiations with the British Government proves that, whilst he is prepared to talk *ad nauseam*, he is not prepared to negotiate. To reason with him, as Mr. Lloyd George once remarked, is like pursuing a man on a merry-go-round. Any escape from the existing impasse by direct negotiation would, therefore, seem to be impossible while he remains in power; nor is it likely that his Government will be replaced by any other for some time to come. The opposition party in the

* Interview with Mr. F. Tuohy, *The Sphere*, September 1, 1934.

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Free State is divided and seems to lack both an agreed policy and competent leadership.

Is there any other way of dealing with the situation ? To answer this question one must first realise the nature of the Irish demand. In its essence it is exactly similar to Hitler's demand for equality in disarmament, and springs from the same sense of inferiority and grievance. It is quite true that the historic report of the Inter-Imperial Relations Committee of the Imperial Conference of 1926 stated that the Dominions "are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations," and that "every self-governing member of the Empire is now the master of its own destiny. In fact, if not always in form, it is subject to no compulsion whatever." But it would seem that the Free State cannot honourably secede from the Commonwealth unless Great Britain is prepared to waive its treaty rights.

Fourteen years ago the late Mr. Bonar Law stated publicly that if a Dominion chose to say : "We will no longer remain a portion of the British Empire," the British Government would not attempt to retain it by force.* In November, 1933, Mr. de Valera sent a communication to the British Government, inquiring whether Great Britain would adopt punitive measures in the event of the Free State's severing its connection with the Commonwealth. The British Government, unfortunately, refused to answer the question. But if they did not answer it then, that is no reason why it should not be answered now. A statement by the British Government in the terms used by Mr. Bonar Law should be the first step towards a settlement, and should not be delayed. Such a declaration should be accompanied by a statement of the natural consequences from an international point of view, and an intimation that

* House of Commons, March 30, 1920.

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if the Free State decided, after due consideration, to leave the Commonwealth, Great Britain—though not admitting any formal right to secede—was prepared to waive her treaty rights and submit her financial claims to international arbitration. It would immediately clear the air and force Mr. de Valera's Government either to declare a republic for the Free State, or to confess that they did not intend to do so. Each of these choices would confront them with a dilemma; for to establish such a republic under existing conditions would be permanently to partition Ireland and eventually to compass their own political ruin, while not to establish it would be to confess that they have no intention of doing so. In either event—and this is the vital point—such a pronouncement would remove once and for all the Irish belief that Ireland is under external compulsion in the matter.

But such a step by itself would not be enough. Ireland's demand for recognition of her equality and independence is, as has been pointed out, a matter of national sentiment, potent and ineradicable, which cannot be ignored. It completely differentiates Ireland from the other Dominions, which have no corresponding claims, and no such historical background on which to base them. The partition of Ireland into two separate political entities, as the result of past English policy and present Irish intransigence, has been and is the most spectacular and mischievous denial of this equality. Northern Ireland occupies a separate, peculiar and privileged position, which is utterly anomalous. It is neither nation, province nor state. Notwithstanding an appearance of autonomy, it is really a mere political satellite of Great Britain. Its taxes are collected by British officials, its judges are paid by the Treasury, a new valuation for purposes of taxation is at present being carried out by British valuers, it is garrisoned by British troops. The British Government has not only kept its social services from becoming bankrupt by granting large loans, but has also stipulated that legislation in these matters in

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Northern Ireland shall be precisely the same as in Great Britain.

There can be little doubt that the setting up and maintenance of this separate, externally controlled administration for a portion of Ireland, in spite of the desires of at least one-third of the community involved, has been, and remains, the principal cause of the failure of the Irish Treaty. At present Northern Ireland gets the best of both sides of the bargain. It has its own parliament and administrative machinery, but they are heavily subsidised by Great Britain. This arrangement is obviously unfair to the Free State. One has only to picture what would have happened in South Africa if Great Britain had given similar privileged treatment to the English colony of Natal. Under such conditions is it not clear that the Union of South Africa would never have taken place, and that South Africa would not now be a contented member of the Commonwealth? Is it not clear also that in an Irish parliament containing representatives of all Ulster Mr. de Valera's party would never have obtained a majority? Partition has cut off, not only north-east Ulster from the Free State, but Ireland from the Commonwealth.

It therefore follows that the other necessary step in the re-establishment of satisfactory relations between Great Britain and Ireland is for the British Government to place Northern Ireland in the same political position as the Free State, and this should be done, if possible, simultaneously with the declaration referred to above. It involves the conferring of Dominion status on Northern Ireland, but does not mean either the abandonment or the coercion of Ulster. It should be coupled with a declaration that Great Britain will not permit, and will, if necessary, resist by force of arms, any attempt by the Irish Free State to interfere with or coerce Northern Ireland. In any event Mr. de Valera has repeatedly declared that his Government has no intention of using force to bring the six counties of Northern Ireland into a United Ireland.

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It is obvious that such coercion would defeat his purpose, which is naturally to achieve moral as well as political unity. On this matter every responsible Irish Free State politician is agreed.

If Great Britain were to take these steps the results would be perhaps immediate, and eventually conclusive. On the one hand, the people of the Free State would no longer feel that they were under external compulsion, and their Government would be forced to negotiate a settlement of the financial dispute with England on business lines or by arbitration; on the other hand, the Government of Northern Ireland would be free, if they so desired, to negotiate with the Free State a new settlement of their future relations. Negotiations for a settlement of this kind, entered into between Irishmen alone, with the certain knowledge that Great Britain admitted the complete autonomy of Ireland, North and South, and would not interfere with any settlement arrived at, would not be likely to break down upon nice theoretical points. In such negotiations Mr. de Valera, or whoever were to represent the Free State, could make concessions to secure the unity of Ireland, which would be impossible in dealing with the British Government.

There remains to be considered the strategic implications involved in such a course. There is no doubt that a hostile Irish republic, even in the Free State area, if such were established, would be a serious menace to Great Britain in time of war. But does not every objection to such a situation apply equally to the existence of an unfriendly Free State—with this important difference, that an actively hostile Irish republic could be treated as an open enemy, whereas a passively hostile Free State would be a dangerous and secret foe? The truth is that most of the reasons, political, military and economic, that England had for opposing Irish independence have lost their value and their meaning in the new post-war world. Ireland, in any event, is not really a warlike

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nation, and the Irish Government has no money to spend on armaments. Her people ask only to be allowed to live in peace. Mr. de Valera has himself stated that the Free State would guarantee to use its entire strength to frustrate any attempt to use its territory as a base for an attack upon Great Britain. Such a guarantee, given freely by an Irish Government, would be a more effective safeguard than the present state of affairs.

Finally, whether the above measures are taken or not, one step is urgently necessary, namely, the appointment to Dublin of a permanent representative of the United Kingdom Government, with the status, if not the title, of High Commissioner. He should not be a civil servant, but a man of public authority, political experience and diplomatic ability, who could be relied upon both to inform his Government about the state of Irish political opinion, and to seize every opportunity of improving relations between the two countries by care and tact. Such an appointment would go far to end the ignorance and misunderstanding, largely due to lack of contact and discussion, that at present characterise the dispute on both sides.

The only alternative to the actions here proposed is a continuance of the present futile policy of "beggar my neighbour," initiated by Mr. de Valera when he refused to pay the land annuities and abolished the oath of allegiance—a policy which can only lead to the economic exhaustion and permanent degradation of the Irish Free State, which is one of Great Britain's best customers. In the long run this will be nearly as harmful to Great Britain as to Ireland, for the real interests of the two countries are identical. As time goes on the two countries will drift further and further apart, until any reasonable settlement becomes impossible. A prompt solution is therefore imperative. England's cardinal error in dealing with Ireland has been delay. The remedy has always been applied too late. Can Great Britain for once anticipate the future and treat

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the Irish people as potential friends ? If she does not she will have to settle with them in more unfavourable circumstances before many years have passed. It is well to remember the wise advice once given by Lord Palmerston, and leave Ireland alone. The Irish people will then in all probability settle their differences by mutual accommodation in the only sensible way, a way which will eventually lead to natural and friendly relations, whatever their form, between Ireland and the Commonwealth.

Irish Free State.

November, 1934.

THE POLICY OF PIUS XI

IT is the aim of the following article to help readers of THE ROUND TABLE towards assessing a great and constant but still imponderable factor in the politics of modern Europe. In all the countries of Europe, as in those of the continents settled, ruled or evangelised from Europe, a high proportion of the population are Catholics, professing allegiance to the Pope as successor to Saint Peter and head of the universal Church. In some few countries, notably Scandinavia and Great Britain, the proportion is a small one, while in others, like France, the proportion of active, in contrast with nominal, Roman Catholics is not high. In other countries, like Germany, the Catholics are a third or more of the population, and there are a number of European States in whose constitutions, as in the written constitutions of most of the republics of Latin America, it is explicitly stated that the Holy Catholic religion is the religion of the State.

I. THE POPE AND THE POWERS

BUT whatever proportion the papal adherents bear to the rest of the population, the general characteristic is the same even in nominally Catholic States—namely, that the business of the Pope, seen in its largest terms, is to protect the religious rights of a minority, including the right of voluntary association for religious or charitable ends. The old distinction, so often urged in the nineteenth century, between politics and religion, and expressed in classic form in the constitution of the United States of

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America, with its complete separation of Church and State, and in the demand of Cavour for a "free Church in a free State," has ceased to bear its former reasonable meaning with the emergence of the totalitarian State and the rise of socialist ideology. In this phase, the functions of the State have been steadily widened, and politics—in the sense of the old demand that "the Church should keep out of politics"—is a word now covering organised activities which reach, particularly in the fields of education and health services, to the core of personal life.

The machinery at the command of the Pope for negotiations with civil governments is simple, and strangely small in view of the magnitude of the business arising. Phrases are commonly used, like "Vatican policy," which suggest a large organisation, imbued with a strong corporate tradition, so that policy pursues its way, regardless of the personal character of the reigning Pope. In fact, the policy of the Pope is highly personal. He acts through a Secretary of State, one of the Cardinals, and the Secretary of State has with him two titular Archbishops, commonly younger men likely to rise to the Cardinalate—Benedict XV was one of them—and a number of archivists and clerks. But this organisation is no more than a secretariat, and is itself not the repository of any tradition. It is not comparable to a government office in Whitehall, which tenaciously lives its own life, whatever be the Government or Minister of the day. The office of Cardinal Secretary of State dates from some two hundred and fifty years ago—in fact, from the pontificate of that Pope Innocent XI who, in his long struggle with the Gallicanism of Louis XIV, welcomed the activities of William of Orange. The system of the Cardinal Nephews, dating from the Renaissance Popes, had provided each new Pope with a First Minister selected from his own family and deserving his confidence. To the large office thus evolved the Cardinal Secretaries of State succeeded, governing the Papal territories down to 1870 and conducting the business of the

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Holy See with temporal rulers. The recent Secretaries of State, from the beginning of the century, have been Cardinals of great note, Rampolla, Merry del Val, Gasparri, but it was noted as an unusual tribute to Gasparri that Pius XI, on his election in 1922, continued him in office. A Secretary of State is the executant of the ideas of the Pope appointing him, and it is so personal a connection that at conclaves to elect a new Pope a past Secretary of State is looked upon as the embodiment of a particular past policy and method of approach; and the office has not proved a stepping-stone to the supreme position.

The ordinary and extraordinary Congregations (each under one or other of the resident, mainly Italian, Cardinals), bodies like the Holy Office, charged with the safeguarding of doctrine, Propaganda (which has added that important word to the common vocabulary), charged with foreign missions, and the Congregations which supervise the religious orders and the Uniate Eastern Churches, do not commonly receive the same personal direction from the Pope as does the Secretariat of State. The present Pope, although now not far short of eighty, is a man of vast industry who rises early and retires very late, and whose hand is felt in all departments of the Church, notably in the field of foreign, and particularly oriental, missions. But relations with foreign governments continue to be his special care. His first introduction to the world of high ecclesiastical policy was in this sphere, when he was selected by his predecessor Benedict XV to go as Nuncio to Poland in 1917. Before that, his life had been one of scholarship, first at the Ambrosian Library at Milan (like Mussolini, he comes from the countryside around Milan) and then under the patronage of Cardinal Ehrle in the Vatican Library, of which he became librarian. It was his success in Poland, in the eyes of those who did not measure success by general popularity, that led to his elevation in 1921 to the See of Milan as Cardinal Archbishop. The following year he was elected to succeed Benedict XV.

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From the first he showed himself self-sufficient and reluctant to delegate responsible tasks. In the negotiations on the Roman question, which began tentatively in 1923, within a year of Mussolini's accession to power, and culminated in the Lateran Treaty* of 1929, Pius XI guided every stage of Gasparri's negotiations. When Gasparri, being then very old, retired on the consummation of that work, he was succeeded by the present Secretary of State, Cardinal Pacelli, a man with a long diplomatic experience who had been Papal Nuncio in Serbia in 1914, and in Germany during the war, and the channel through whom Pope Benedict XV had made his efforts for peace in 1917. How little essential his secretary is to the Pope was shown when Pacelli was made Papal Legate for the Eucharistic Congress at Buenos Ayres this summer. It was freely said in Rome that this high but titular honour was the prelude to the appointment of a new Secretary of State, and that the Pope was dissatisfied with the way Cardinal Pacelli had misread the character of the Nazi movement in Germany, a country about which his opinion naturally carried particular weight. Rumours of this sort are to be expected, and as a general rule to be discounted, where a single autocratic ruler keeps his own counsel and leaves people to conjecture as they please.

The Pope is represented at foreign Courts by his Nuncios, and as a general rule this representation is balanced by the presence of Ministers at the Vatican. Of the more important Powers, France, Germany, Italy, Spain, Jugoslavia, Poland, Brazil, Argentina, and a long list of smaller countries like Czecho-Slovakia, Hungary, Belgium, Portugal and, inside the British political system, the Irish Free State, have this reciprocal representation. Bolivia and Paraguay are alone in receiving Nuncios without sending Ministers. Great Britain and Monaco are the only countries that keep Ministers at the Vatican without receiving Nuncios. The United States has no official relations with the Pope.

* See THE ROUND TABLE, No. 76, September 1929, p. 740.

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The British Legation was established during the war and has been found so useful that it has been maintained ever since. Although both the Catholic Church and the British Commonwealth can each claim the huge population or membership total of between three and four hundred million people, only about twelve million people appear in both totals. The Commonwealth contains in French Canada, in Ireland and in Malta more than half of all the Catholics under the flag, and these three centres are strongholds of an intense and vital religion. Quebec in particular has been described as the greatest centre of clericalism in the world. It was largely with the idea of prevailing upon the Pope to exercise his authority over the Irish bishops, and so over the Irish priesthood, that the British Government established a Minister at Rome in the year following the 1916 rebellion. Malta has enjoyed self-government since 1921, but because religion is one of the subjects reserved to the Imperial Government the bad relations between the local Prime Minister, Lord Strickland, and the Church authorities involved the Imperial Government in the quarrel. The relations between Great Britain and the Vatican, however, are seldom concerned with any large issue, and run smoothly. The British Government gains by establishing such relations as make it natural and easy for advance information to be received about impending appointments to high ecclesiastical offices, particularly in British colonies with mixed populations, and much consideration is received as a matter of courtesy which could not be demanded or formally granted.

II. THE POST-WAR PROBLEM

THE Versailles settlement brought into existence a number of new governments in Europe. Alike in Germany after the fall of the Hohenzollerns, in resurrected Poland, and in the dismembered territories of old Austria-Hungary, these new governments were democratic in form

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and rested, even where they included large racial minorities, on the principle, dominant then and since, of nationality. The position at once became difficult for the Papacy. Czecho-Slovakia, nearly all of whose fourteen million inhabitants are Roman Catholics, was the most striking instance of the rise to power of a set of men anti-clerical and yet anxious to use the Church as a bulwark of a newly created State, and to claim the continuance in their own persons of those privileges, in such matters as the appointment of bishops, which the Austrian Emperor had won and enjoyed in the course of the centuries. Only in Czecho-Slovakia was any real attempt made to bring about a schism. At one point a number of the Czecho-Slovak clergy joined together to demand that bishops should be elected by clergy and laity, and with government encouragement about four thousand priests were in 1919 more or less in revolt against the Holy See. There has always been in Czecho-Slovakia a strong Bohemian tradition of religious independence, a national pride in the memory of Huss. But the efforts to launch a national Church soon slowed down, and with the appointment in 1921 of Anton Stojan as Archbishop of Prague, in succession to the old nominee of Franz Joseph, there was a general return of disaffected priests. The Government had, and still has, a particular interest in seeing that the bishops and priests among the Slovaks, who are intensely *ancien régime*, shall be a force on the side of the Czecho-Slovak State.

On a larger scale the new kingdom of Yugoslavia presents an acute religio-racial problem. After the war the Croats in the north-west found themselves a minority in a new political unit which included the former territory of Serbia. They found themselves, from their point of view, in permanent dependence on a majority less civilised than themselves, largely Orthodox Greek in religion, and the tendency soon appeared for Croat priests to be the leaders, or at any rate the ardent supporters, of the movement for Croatian autonomy. A concordat was negotiated in 1928

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between the Pope and the King of Yugoslavia, regulating and establishing the liberties of the Church in the new country. The policy in Yugoslavia has been the same as that now generally followed. There are great practical limits to the extent to which the central authority of the Church can make bishops and clergy moderate their strong national feeling, but the Church has so powerful an interest in establishing peaceful relations that the Pope has often incurred reproach from enthusiastic nationalists on the ground that he is curbing their legitimate political aspirations.

The two outstanding means of Catholic policy are the negotiation of concordats and the creation of Catholic political parties. Concordats go back in the long experience of the Church to the twelfth century. In the looser sense of agreements made with civil rulers on an equal negotiating basis they are older still. Viewed historically, concordats with kings have been the normal method of safeguarding the rights of the Church, while giving the king guarantees that those rights will not be obnoxiously used. Their Most Christian and Most Catholic Majesties generally secured for themselves greater control in nominating to bishoprics than did less avowedly devoted rulers. The most famous of all concordats, that which Napoleon negotiated with Consalvi in 1801, gave the civil ruler virtually complete control. Napoleon could obtain such terms, and could twist to his further advantage the actual clauses of agreement, because he was closing a period of acute persecution—persecution that was mainly due to the close identification, which the Popes of the eighteenth century had failed to prevent, of the Church with the French monarchy. Like so much else of Napoleon's work, the Napoleonic concordat remained through the nineteenth century as an example to later statesmen of what they might hope to secure for themselves. The right to nominate to bishoprics, which Napoleon had exercised so freely, is a cardinal point in Church government. On it turns the

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character of the episcopate and the tone given to religious life. Later Governments in France, inheriting the concordat, always resented the attempts of the Pope to secure that it should rest with him who occupied the French sees, and that his veto, at any rate, should be a real one. To-day the French episcopate depends directly upon Rome, because the extreme anti-clerical legislation at the beginning of the century left to a hierarchy traditionally strong in nationalist feeling no alternative but to fall back upon the protection of the Holy See.

III. THE VATICAN AND THE TOTALITARIAN STATE

THE clearance of monarchies in 1918 restored freedom to the Church over a wide area for the negotiation of fresh concordats. It was plainly unreasonable, as the Czechs were told, for the new State governments to expect to inherit the wholly exceptional prerogatives of the Hapsburg monarchs, the bearers of the traditions and honours of the Holy Roman Emperors. Similarly in Germany the departure of the Catholic monarchs and of the Hohenzollerns opened the way for a greater measure of freedom of action. But the same causes that had led to the disappearance of the old order brought new threats, and there began to appear, at first in Italy, then in Germany, a political philosophy making absolute claims for the State and not envisaging any place for activities other than State activities. The keypoint of contention in the concordats signed with Fascist Italy and Nazi Germany has been in each case the question of the right of Catholics to organise themselves in associations, not for worship, but for educational or cultural purposes, particularly in the Youth Associations. On the Continent young people are accustomed, in a way unfamiliar in this country, though not unknown here, to organise themselves in associations, partly for physical activities such as sports, drilling, games or hiking, and these organisations have a strong formative influence. To

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Fascists and Nazis the *Wanderjahre* and student days are all-important. They will agree readily enough to religious teaching in infant schools, and as long as the schoolroom is a sort of glorified extension of the nursery; but they feel very differently about the prolongation of religious influence into adolescence, as dividing what they intend shall be an undivided loyalty, and as bringing Church authority to the fore at a time when youth should be learning its supreme duty to the State.

In Italy, the absence of any other religion than the Catholic, the national pride felt in the Papacy, the desire on both sides to achieve a satisfactory *modus vivendi*, have enabled the concordat to work fairly smoothly on a basis which permits Catholic association for specifically Catholic activities, but leaves the Fascist organisations as the normal channels for the exuberance and gregariousness of youth. The position is much more difficult in Germany. The Catholics form only a third of the German population, and do not give their colour to the State, whose centre of gravity remains in Prussia, the least Catholic part. The Nazi movement has gone to lengths of racial exaltation, in an attempt to fulfil the German craving for a background of theoretical explanation, which the most extreme Fascist writers have never paralleled. Thus Herr Rosenberg, the editor of the official Nazi paper, *Völkischer Beobachter*, issued a work called "The Myth of the Twentieth Century," glorifying the doctrine of blood and race, and declaring that "Nordic blood could represent that mystery through which the old sacrament could be transcended and conquered." This book was one of two works by prominent Nazis which were placed on the Index early last year as containing heretical doctrine. There were constant signs, like the whole campaign to tie the German State Protestant Church to the Nazi chariot, which made the Pope increasingly aware of special difficulties in the way of maintaining a concordat with the new régime.

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The concordat, which was signed in July of last year, was agreed upon fairly easily between the Pope and Herr von Papen, who went to Rome as a Catholic to represent the Hitler Government, but the easy agreement was in fact soon found to be illusory. The concordat, like the earlier concordat made between Pacelli and the new German Republic, took over existing agreements with Prussia, Bavaria and Baden, and laid down that the Church should be self-governing and should enjoy complete liberty of worship. Ministers of religion were to be German, and the Government was to be consulted about major appointments, but would have no veto. The faculties of Catholic theology in the State universities were to be maintained. Article 32 laid down that priests would take no part in politics. It was this article, declaring merely that priests and members of religious orders shall not belong to political parties, which led to the later impression that the concordat included the abolition of the Centrum party.

The present year, which began with sermons by Cardinal Faulhaber, the Archbishop of Munich, denouncing the revival of pagan doctrines among Herr Hitler's followers, the attacks on the Old Testament and the persecution of the Jews, has continued to be filled with contention. Leaders of the Hitler youth movements, like Baldur von Schirach, resented the large allowance made for Catholic youth associations in the concordat, and in fact its terms were not observed. Catholic youths wearing distinctive badges or dresses were molested and clubbed. Article 31 of the concordat protected games and organised outings, and the compromise was suggested from the Nazi side that, provided the favourite German occupation of drilling was omitted, these other activities might be permitted. On June 29 of this year agreement was rather prematurely announced, on a basis that the Catholics gave up *Wehrsport* or semi-military exercises as well as plain athletics, and agreed to be organised by dioceses and not in large centralised bodies. This agreement was not ratified or accepted

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by the German bishops, largely because, on the following day, two leading lay Catholics, Eric Claussner, President of the Catholic Action in the Berlin diocese, and Adolf Probst in Düsseldorf, were murdered in the shootings of June the thirtieth. On the most favourable interpretation, those murders showed that the responsible heads of the German Government could not control their party leaders.

When fresh overtures were made in September, and a letter from Cardinal Pacelli pressed for a definition of the concordat, the German Government undertook to control these party leaders, and Herr von Papen took the line that all the Catholic organisations which had been founded, as most of them had, at the time of Bismarck's *Kulturkampf* against the Church should narrow their scope—should cease, for example, to function as friendly societies, and should limit themselves to the scope of religious sodalities. Earlier in the year the *Osservatore Romano*, the official organ of the Pope and a primary source of information on the outlook of the Vatican, expressed approval of a plan for a Catholic radio station in Switzerland to broadcast to all German-speaking peoples. The addresses that Pius XI has made to the German bishops, approving the firm stand they took at their meeting at Fulda against the new paganism of State worship, and his allocutions to groups of young German pilgrims, have made it plain that he views the future in Germany with great misgiving.

The vitality shown by the German Protestants in resisting the attempt to absorb them in a German Christian Church which should be the religious expression of a new, at best semi-Christian, State is said in many quarters to meet the private inclinations of Herr Hitler, who laid it down in his work *Mein Kampf* that a politician must steer clear of religion and not attempt to be a religious leader as well. If the more extreme exponents of what is to be meant by a totalitarian State yield to more prudent counsels, religious strife can obviously and quite easily be avoided. All through this year the knowledge that voting next

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January in the Saar, where the population is strongly Catholic, will be largely affected by the attitude of the new régime to the Catholic faith has strengthened the Pope's position.

A more permanent factor is the future of Austria. Austria, as it was left by the peace treaties, is a republic of some six million people, a third of them in Vienna, cut off from their past and without any very obvious future. The late Mgr. Seipel had large dreams for the future on a basis of reuniting the severed portions of the old Empire, with the Catholic religion as the great bond of unity. Since Seipel's death, two years ago, the position has grown rapidly more precarious, and the question has not been how, from a base in Austria, to extend agreements over a wider area, but how to preserve independence for the Austrians themselves, and how to maintain the integrity of a country which has been for so long invaded financially and culturally from across its small borders. The rise of the party of the late Dr. Dollfuss, resting on the Catholic peasantry outside Vienna in opposition to a materialistic Socialist party in Vienna itself, is a singular exception to the general rule that the Pope does not favour Catholic political parties. The bishops in Austria openly took the side of Dr. Dollfuss and his party, and their action, while thoroughly approved, led to exaggerated reports of the kind and amount of assistance that the Dollfuss régime was receiving from the Vatican.

IV. CATHOLIC ACTION

IN general it may be said that where there is a national cause, as among the scattered minorities in many eastern European countries to-day, it is not practical politics for the Government in power to hope through agreement with the Pope to prevent priests, or even bishops, from siding with their own compatriots, and in villages priests will always be leaders. But apart from this, and in all cases where the line of division is not racial but political, the

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initiative of a civil Government is not required to make the Pope discourage Catholic political parties.

The fate of Don Sturzo, the great priest leader of Popolarismo, who had begun the regeneration of Italy and its salvation from the discredited Masonic Liberal régime when Mussolini and the Fascists elbowed past him into power, was a sign, as early as 1923, of a policy that the Pope has consistently maintained ever since, Austria apart. Although the Centrum party, which had held the balance for so long in the German Reichstag and had made such great contributions to German public life in the very difficult days following 1918, was not explicitly disowned in the concordat of 1933, its disappearance has been passively accepted, and Dr. Brüning and Don Sturzo are curiously alike in their fates. Pius XI is never tired of repeating that the Church is above parties. Some parties, certainly the Communists, possibly the National Socialists, place themselves by their doctrines outside the possibility of Catholic assistance. Throughout Europe there are extreme Left parties avowedly hostile to revealed religion and deriving their inspiration from a materialist creed and their guidance from determined atheists in Moscow. The presence of communism, however, as a political reality means the organisation of opposition parties of a wide range of varying doctrines, but all compatible with Catholic teaching on the rights and duties attaching to human beings. The policy of Pius XI is a policy not of Catholic parties but of Catholic Action; that is, the organisation of Catholics on a non-political basis, in federative societies for charitable, cultural and apologetic works, so that they may act as a powerful leaven in the largely pagan society around them. The totalitarian State is something whose attitude in such matters as sterilisation has not yet been clarified.* If the time and the emergency

* In Germany, Catholic medical men are exempted by the State from performing sterilisation, and Catholics sentenced to undergo the operation may, as an alternative, reside in homes which undertake responsibility for them.

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should call for it, the Centrum might rise again, but the Papal acquiescence in its liquidation was in line with the general attitude of acceptance towards all forms of government which promise to afford those minimum conditions in which the Church can live. The history of the recent past, notably in France, where the Church was too closely identified with one régime and where the Pope, Leo XIII, had himself to give a firm lead to encourage French Catholics to take their share in the public life of the Third Republic, is full of illustrations of the injury done to Catholicism if it is allowed to become a political label.

There is a further reason for the preoccupation of the present Pope with Catholic Action. The growing domination of pagan standards has widened the gulf between the Catholic and the other inhabitants of the countries of Europe. There is a much smaller common basis for action between him and them. Catholic Action in every country is envisaged as the activity of laymen in organisations under directors, ecclesiastical and lay, chosen by the bishops. Pius XI wrote recently to his successor as Archbishop of Milan, Cardinal Schuster: "Catholic Action must not launch itself into politics; no less surely its members must not be stopped from carrying out good public activities in a Christian and Catholic manner." There are, obviously, very wide fields in which Catholic activity for the public good can manifest itself alike in a totalitarian or in a parliamentary State.

The policy of Pius XI may perhaps be open to criticism as having too readily accepted at their face value the protestations of new régimes—for example, those of the Spanish Republic—and more than once hopes seem to have been rather easily indulged in and rather quickly disappointed. The policy has been one of accepting *de facto* governments, of discouraging as far as possible political organisation by Catholics on a religious basis, and of trusting to negotiated agreements for the safeguarding of the essential interests of the Church. But the insistence upon

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Catholic Action shows that these interests are not construed in any narrow spirit, and extend beyond freedom of worship and of religious instruction, or more accurately of a religious atmosphere in the schools, to include the right of the fully grown Catholic to live out his religion in all its implications. Catholicism cannot be other than a social and missionary creed. The policy is one that seeks to keep the Church free from being involved in the mistakes and downfall of any particular régime, as it was involved with the old monarchies, so that, whatever may be the political outcome, the present comfort of the Church shall not have been bought at the expense of the future.

The same detachment may be observed in the action of the Pope outside Europe. It is an old saying that French anti-clericalism has never been for export, and that the French have always been keenly alive to the national prestige they derive from their pre-eminence as devoted missionaries. The most anti-clerical Governments have maintained the custom of making grants to these distant outposts of French culture. In Asia, in particular, the French have jealously valued the liturgical honours which the Church has paid to their representatives to mark the historic official position of France as the Protector of Latin Christianity. Even so hostile a statesman as M. Herriot has made efforts to maintain these privileges and to arrest the growing determination of the Pope to detach the Catholic cause from any special association with France. The liturgical honours have now been curtailed and made subject to local consent, and the appointment of Apostolic Delegates in Asia and Africa creates a new channel through which missionaries and nuns may treat with local authorities. The recent consecration, alike in China and in Africa, of natives as bishops, an act which the Pope invested with deliberate and particular significance, was a further step along the same path.

In an age of intense and often excessive nationalism, the Church, for all its memories of very different times,

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readily meets national susceptibilities, as in giving guarantees not to appoint foreigners to high Church offices, and in extending this practice, as far as possible, to colonial possessions. It may perhaps be questioned whether this tendency is wholly for the good either of the Church or of the nations that have requested it. In the old days of monarchical Europe the jealousies of France and Spain and the Empire, each exerting influence and often vetoes at Rome, prevented for four hundred years the election of any but Italians to the Papal throne, and intensified the local Italian character of the central government of the Church. In the new age of democratic nationalism, an analogous pressure has the effect of minimising the universal character of the Church and of making it wear in each different country as national a costume as possible; thus its influence is weakened as a witness to European unity, although it remains the upholder of those moral values on which the common civilisation of Europe depends.

EMPIRE MIGRATION

MIGRATION is primarily an economic fact, caused by economic forces and in turn reacting upon them. The economic opportunities and hopes that attract the migrant, and the economic difficulties that drive him forth, vary according to the changing conditions of trade and industry throughout the world. For this reason, migration policy, if it is to be effective, cannot be considered as a thing apart, but must be subordinate to general economic policy. The fundamental question then has to be answered, is migration inherently desirable, and ought we, therefore, to design our economic policy with the aim of promoting it? So vital and far-reaching are the effects of migration in social and political life that the question cannot be answered solely or even mainly in economic terms. The problem for the British Commonwealth is one of the enrichment or impoverishment of its human resources, in which in the last resort reside both its wealth and its strength.

I. THE FALLING BIRTH-RATE

THE most striking fact about those resources of men and women, considered as a whole, is the heavy concentration in these small islands, over against a sparse distribution in the outer regions of the Empire. It would be rash to jump to the conclusion that such a contrast is of necessity anomalous and unnatural—any more so, indeed, than is the existence of the sparsely inhabited Scottish highlands alongside teeming industrial England. Expert opinion, for instance, appears to be agreed that Australia, although more than fifty times the area of England and Wales, could only support a higher population than some twenty millions by dint of an urban concentra-

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tion comparable with that of this country. But the contrast does at least suggest the *a-priori* assumption that a more even distribution of the inhabitants of the Commonwealth would add to their well-being and racial strength. Interchange of population is valuable in itself, since it invigorates the individual migrant and brings in new blood where otherwise the stock might stagnate and decline. This consideration applies, of course, equally to a movement of people from the newer countries back to Great Britain as to an opposite flow, which has been more normal in the past.

The decline of the birth-rate, not only in this country but in the Dominions also, is a serious cause of anxiety to those concerned for the future of the British peoples and of the international Commonwealth that they have established. The higher fertility of those peoples in the daughter countries of the Commonwealth thus provides another important reason for promoting emigration. In 1932, against a crude birth-rate of 15·3 per thousand in England and Wales, the birth-rates in Australia and New Zealand were respectively 17·0 and 17·1 per thousand. The European population of the Union of South Africa had a birth-rate of 24·3 per thousand, but the rate was considerably lower in Natal, which has the highest proportion of British stock among its inhabitants. The same consideration applies to Canada, whose birth-rate (22·4 per thousand) was inflated by the high fertility of the French-Canadian people, as well as of non-British immigrants; the rate in British Columbia was on a par with that of this country. To the Dominions, the maintenance of the British stock among their peoples is of great political importance; for the assimilation of other races has not always proved easy, and the superior political capacity of the British people, compared with the central and eastern European races upon whom they have drawn for immigrants in default of British settlers, has been often demonstrated. The French and Dutch peoples who form so large a proportion of the population of Canada and the Union have proved

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their political qualities through many trials, but their parent countries no longer form a considerable source of emigration.

From the point of view of the individual, furthermore, emigration from Great Britain has this great advantage, that it takes people from cramped, urban surroundings and places them, at the worst, in smaller, newer cities where the open country is nearer and slums are rare. In those new lands, moreover, a social and economic ladder awaits the young and enterprising such as they could not find at home; unless humdrum contentment is to be reckoned the highest welfare of man, opportunity alone is a gain. And if emigration is in itself desirable, indeed if there is to be emigration at all, then for economic reasons alone migration within the Commonwealth must rank above migration to foreign countries. Every producer is also a potential purchaser, and the probabilities of mutual trade, to the profit of both parties, is highest within the Commonwealth.

Of course, a producer in Great Britain represents a far greater market for the products of this country than does even a producer in the Dominions—a fact which is sometimes forgotten by those who look upon migration as a solution of the unemployment problem. The frequently crude and short-sighted formulation of this latter view has done great injury to the cause of making the best of the Empire's human resources; for it has obscured the true considerations that should guide this country, and in the Dominions it has poisoned the public mind against British emigration, which has naturally but quite unjustly been labelled "pauper-shovelling."

Emigration is not a cure, and in present circumstances is not even a palliative, for unemployment. The proof of this contention falls into two parts. First, unemployment in Great Britain is not caused primarily, mainly, or even appreciably by over-population. It is caused by world-wide forces (economic depression and rapid technical

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advance), together with special causes which affect a few large industries and which were aggravated before 1931 by monetary deflation. To make that assertion is not to deny that the general depression may have been made worse by an ill distribution of the world's population, but even this is only an uninvestigated and not very plausible possibility. And so long as unemployment remains a serious problem in immigrant as well as in emigrant countries, it is quite clear that migration cannot provide a cure for the depression in either.

The second part of the proof is an unavoidable "Irish bull." The so-called standing army of the unemployed does not exist, and its members are almost without exception unsuitable subjects for emigration. Out of an insured population of about 12½ million, some six million at a time of depression may claim unemployment benefit in the course of a year; many of these, of course, remain unemployed for only very brief intervals. Of the two million people unemployed at the end of December, 1933, only approximately 400,000 had been unemployed for a year or more. This at the heart of the depression. Many of the 400,000 have undoubtedly since found work, or have passed the age of 65. The extent and character of "hard-core unemployment" are further illustrated by a sample test, taken in February, 1931, which showed that nearly 600,000 men and women were "unsuitable for submission to an employer for a local vacancy without exceptional features." The great majority of them were handicapped by age or other physical defect. Two-thirds of the group were attached to industries with exceptionally high unemployment, in which the worker of less than normal capacity, once out of a job, would find it exceedingly difficult to get another. This analysis indicates that the only section of "hard-core unemployment" that would provide suitable material for migration is the class of young men and women in the "derelict areas," whence the tide of industry has receded, leaving young and old,

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strong and weak, stranded without work or the hope of it, unless by moving to more favoured parts. The more favoured parts might, of course, be other regions of this country.

What measure of unemployment will remain as a permanent feature of our industrial life when trade is restored to a more prosperous level cannot be guessed with any certainty. But it is difficult to believe that in future decades relative over-population will play a critical part in the British labour market. In a few years' time, according to present trends, the population of Great Britain will have reached its maximum size, and by 1976 it will have fallen to less than 33 millions, compared with a present total of 45 millions. These forecasts make no allowance for emigration. If the net efflux of over 100,000 per annum, which was maintained in the decade before the slump of 1930, were renewed and continued for 40 years, the loss of population would be more than the crude total of four millions; for the men and women most likely to emigrate would be those who would reach the age of parenthood not long after their departure, and who would therefore deprive us not merely of themselves but of their sons and daughters.

Even more important than the total population figures are the proportions displayed by the different age-groups.* In 1931, the census year, which we may take as the basic norm, 24·2 per cent. of the population were aged 0 to 15 years; 46·9 per cent. were aged 15 to 45 years; 21·7 per cent. were aged 45 to 65 years; and the remaining 7·2 per cent. were 65 or over. Since the "wave" of children born just after the war is now passing from the school-group to the younger working-age group (with incidental effects on the monthly unemployment statistics) the proportion of the latter group to the whole population will rise for some years to come. In 1946 it will, according to

* See Appendix, and see also the article on "The Birth-rate and the British Commonwealth," in *THE ROUND TABLE*, No. 72, September, 1928, p. 777.

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expert estimates, form 48·3 per cent. of the whole. But meanwhile the falling birth-rate and the lengthened average expectation of life* will have greatly altered the relative proportion of the other groups. No more than 17·3 per cent. of the population will then be under 15 years of age, while 24·1 per cent. will be aged 45 to 65, and 10·3 per cent. will be over 65. Thereafter the proportion—still more the actual number—of the younger working-age group will fall fairly steadily. The older working-age group, more or less constant in numbers, will increase in relation to the rest of the population, but not so rapidly as will the group of old people, whose numbers will actually go on increasing while the total population will be sharply declining. By 1976 the proportion will, it is reckoned, be as follows: children, 12·5 per cent.; younger working-age group, 36·6 per cent.; older working-age group, 33·4 per cent.; and old people, 17·5 per cent.

Obviously this drastic change in the composition of the population will profoundly affect the future of employment, wage levels, profits, international trade and other economic phenomena. It is not easy to foresee what secondary results those economic shifts may have in the field of migration, but the figures furnish certain specific clues for the solution of the migration problem, as it faces the United Kingdom Government. The young men and women of to-day will be the elderly men and women of thirty years hence. Children now unborn will then have come to manhood, and will form part of that group of younger workers which will be the economic mainstay of the country. These are the citizens whom we can least afford to lose. Henceforward, therefore, our policy should clearly not be directed to the migration of very young children. Those whom we can most easily spare (having regard only to the evidence of these figures) are the young men and women now between school-leaving age, or a little

* The crude death-rate might actually rise, on account of the higher average age of the population.

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less, and 30 years ; for by the time the big strain on the population structure is due they will have passed, or will soon be passing, into the upper age groups. On the other hand, in losing them we shall be losing their prospective children also, and children will be an even more precious asset when the population begins to fall than they are to-day. From the point of view of the Dominions this group would be welcome immigrants, since Great Britain would have borne the burden of their education and upkeep while they were non-producers, whereas their adopted country would have the benefit of their prime of life.

A more obvious conclusion emerging from the population statistics is that every effort should be made, if there is to be migration at all, to stimulate the migration of women. In 1931 females outnumbered males by 1,860,000 in Great Britain. In Canada, at the same date, there were 372,000 more males than females, in Australia 120,000 and in New Zealand 29,000. Thus an efflux of women from this country would be of definite social advantage to both parties.

It is somewhat strange that the recent report* of the Inter-Departmental Committee on Migration Policy mentions the prospective decline in the population of this country only to pooh-pooh the remark of the Committee on Empire Migration of the Economic Advisory Council† that,

in view of the progressive decline in our birth-rate and the likelihood of a gradual readjustment of our industrial life to post-war conditions, it is hardly likely that large-scale migration would be economically advantageous to us as a long-run policy.

The inter-departmental committee defend their faith in the renewal of migration to oversea parts of the Empire on a scale of 150,000 to 250,000 a year by referring to "the magnitude of the fluctuations in the world economic position which have taken place since the Economic Advisory Council's Committee reported," and to "the movement, hardly yet begun, towards industrial and agri-

* Cmd. 4689, August, 1934.

† Cmd. 4075, July, 1931.

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cultural co-operation between the different units of the Empire." It is difficult to follow the committee's mind on this point, unless they were seized with pessimism about the future of British industry. If the latter is going to be prosperous, whether through empire economic co-operation or otherwise, it may be ill able to afford a defection of its best labour-power on so portentous a scale.

II. THE DEVELOPMENT OF THE DOMINIONS

IT seems likely, therefore, that if the size of the population declines, as the statisticians predict, and its age-structure accordingly changes, the attractive forces drawing migrants to the Dominions will have to be more powerful than in the past, when they were assisted by a rising population at home.* The economic impulse causing migration depends on the relation between conditions in two groups of countries, that is to say, on the existence of an economic differential in favour of the immigrant areas. The individual migrant sets out in the hope of "bettering himself," and if, on the whole, such hopes were disappointed emigration would soon cease. By far the great majority of emigrants from this country to the Dominions—even since the British Government began to take a large financial interest in migration—have gone without any aid from the State whatever beyond its blessing, and, in some cases, a subsidised rate of passage.† It is, of course, impossible to distinguish social from purely economic motives in the emigrant's decision. In earlier times many migrants were inspired more by their religious and social disabilities than by their economic want. Others have preferred poverty on their own piece of land to prosperity as another

* It may be important to note that the case is very different in the other great "mother country" of the Empire, Ireland; for the birth-rate in the Irish Free State, though falling, is much higher than in Great Britain, and the increase of her population can no longer find a sufficient outlet in the United States.

† See Appendix.

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man's tenant or servant. Many have sought opportunities for their children rather than advancement for themselves. The fever of speculation, the chance of a fortune at the risk of penury, has also been a powerful lure, especially to gold-bearing lands. Nevertheless, the mainspring of migration has been the higher level of economic opportunity in the newer compared with the older countries.

In order to foretell whether that economic differential is likely to endure we must first enquire how it came about. It arose, initially, out of the existence of unexploited natural resources in the newly opened territories. But the potentialities of primary production were not by themselves enough to establish the economic differential, nor did land and mining remain for long the only attractive forces in the newer countries. The exploitation of the newly opened lands was profitable because the Old World was passing through a period of rapid industrial advance, in which cultivation was being forsaken for manufacture, and a growing surplus of wealth was made available to buy the products of the new countries. The latter needed men because they were assured of markets.

Meanwhile, pools of secondary industries and trades were forming in the new countries themselves. The Dominions had ports before they had populated hinterlands, and their countryside begat its own towns. In the towns, industries began—the preparation of foodstuffs and drink, the processing of the natural products of the country. The land, prosperous because of the surplus wealth of urban populations elsewhere, acquired surplus means of its own out of which it could support an urban population in its midst. Then, as industrial ambition frothed, protective tariffs were raised to aid and multiply the local secondary industries. Other things being equal, this hindrance to the Dominions' imports would have correspondingly handicapped their exports, and thus have undone its own purpose by impoverishing the land, which could then no longer have supported as great a burden of towns. But

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the balance was adjusted by the invisible items in their trade accounts. The loans that were floated in Great Britain served in the first place chiefly to enrich the towns of the Dominions, while the interest paid on earlier loans furnished the creditor countries with purchasing power to buy the products of the land.

In this new phase of their economic development, the magnetic force attracting population to the Dominions shifted. The rapidly expanding towns drew men and women both from the land already opened up, where their place was filled by fresh immigrants, and directly from the emigrant countries. Emigration, no longer a peopling of virgin lands, took the shape of recruitment for the general economic progress of the Dominions, where before long the urban population actually came to exceed the rural. Probably not more than one-third, and possibly many fewer, of the migrants from the United Kingdom during the decade 1922-31 went on the land, and many of those who did originally go on the land left it within a short time.*

In Australia, between the censuses of 1921 and 1933, the urban population increased by 862,000 and the rural population by 344,000. The natural increase of the population had been 893,000, of which some 330,000 may be ascribed to the rural areas. The excess of immigrants over emigrants had been 301,000 (the discrepancy in the totals being due to a change in the number of migrants in transit). The number of immigrants, less emigrants, classified as primary producers appears to have been about 54 per cent. of the total. A few of those classified under other heads may have been bound for rural areas, but it seems reasonable to estimate that approximately 170,000 of the net immigration in the intercensal period represented an immediate addition to the country population, wherever the newcomers may have settled eventually. If these calculations are correct, the increase of 862,000

* Cmd. 4689, p. 28.

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in the population of the Australian towns was made up as to 563,000 by natural increase of the already urban inhabitants, as to 130,000 by new immigrants, and as to approximately 170,000 by an influx from the country to the towns. Had it not been for this concurrent drift to the towns the countryside would apparently have offered little or no opportunity for new immigrants. So much for "peopling the vast open spaces of the Empire."

The Canadian records tell the same story in even more striking terms. Between the censuses of 1921 and 1931 the urban population increased by 1,220,000, and the rural population by 369,000. Out of the total natural increase of 1,369,000, some 660,000 may be attributed to the rural population. In the same period the gross number of immigrants was 1,294,000, of whom 592,000 were classified as farmers, farm labourers, or miners, together with their dependents. Thus, on the assumption that this group was approximately equal in numbers to those who settled at first in rural areas, the following picture emerges:—

CANADA, 1921-31				
			Rural Population	Urban Population
Gross increase				
By excess births	..	..	660,000	709,000
By immigration	..	..	592,000	702,000
			<hr/>	<hr/>
Total	..	..	1,252,000	1,411,000
Net increase	..	..	369,000	1,220,000
			<hr/>	<hr/>
Net efflux	..	..	883,000	191,000

Most of the 1,074,000 people who appear from these figures to have left the Dominion migrated to the United States. But it is unlikely that many of them took up rural pursuits there, for during this period the agricultural population of the United States was actually declining.

Two complementary reasons may be given for this change in the character of migration and of the attractive force directing it. First, the application of scientific and mechanical technique to the land was enabling it to

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produce far more than before with the same expenditure of labour. Second, the demand for agricultural products by the older countries was losing its former elasticity. The excessive heights to which industrial tariffs had been pushed in some of the primary producing countries undoubtedly contributed to this stagnation of demand, both directly, by curtailing purchasing power, and indirectly, by causing the importing countries, faced with unemployment and rural poverty at the same time, to subsidise or otherwise protect their home agricultural industries. Since the onset of the slump the exploitation of natural resources (except gold) has entirely lost its attractive power, in spite of the counter-pressure of urban distress. From 1931 to 1933 inclusive, the number of emigrants from the United Kingdom was 118,747 less than the number of re-migrants, many of whom had been on the land in the countries from which they returned. In 1931, for instance, the number of primary producers permanently leaving Australia was very nearly double the number of primary producers arriving.

Is this a permanent condition, or when trade and industry have returned to more normal levels will primary production in the Dominions once more need an expanding labour force, drawn in large part from the Mother Country? The answer, which is one of the keys to future migration policy, is summed up in a single word—markets. The Inter-Departmental Committee on Migration Policy declared that the first criterion to be applied to every scheme of migration of every kind, except schemes of subsistence settlement, should be the question whether there exists “a reasonably secure and available market for a considerable proportion of the migrant’s labour.”

There must be a reasonable prospect that over a period of time the world demand for the commodities which the settler produces will be adequate to absorb the additional production arising from the settler’s labour at a price which will enable him to cover the cost of production, and in addition to finance his living and working ex-

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penses, interest on and redemption of capital, and also his necessary "imports" from outside his own country.

At the present moment, so far as agricultural production, at any rate, is concerned, this condition is not satisfied. . . .

Whereas in the past supply, generally speaking, has always lagged behind demand, it is now clear that it is possible so rapidly and so greatly to increase the supply of almost any commodity that there will be a constant prospect of supply overtaking demand. Not only therefore must we look for a lag, which may well last for some considerable period, in the recovery of migration behind the recovery from economic depression, but it may well be that increased demand, when it arises, will not rapidly create conditions so favourable to migration, particularly for settlement on the land, as were created by the steady increase in the world demand for commodities during the latter half of the nineteenth and the early part of the twentieth century.

Bearing these considerations in mind, it would appear to follow that the United Kingdom Government can give no greater or more direct stimulus to migration than by assisting to create increased markets in this country or elsewhere for the Dominion producer, and thereby breaking the vicious circle by which low returns to the producer and low purchasing power in this country result from and are caused by one another.

In short, it is Mr. Elliot who has in his hands the future of emigration to the primary producing areas of the Dominions.

We must not, of course, relapse into the fallacy that even before the slump the opportunities of the land were the prime force of suction drawing migrants into the Dominions. Those opportunities, as we have seen, at the most took care of the natural increase of the existing rural population. If, in spite of that fact, no less than 1,319,206 emigrants left the United Kingdom for other parts of the Commonwealth in the decade ended 1929, exceeding the corresponding return movement by 847,580, why should such stress be laid on the markets for agricultural produce? May not as great a flow of migrants take place in the future, even though none of them go to cultivate the land? Admittedly, the cities and towns of the Dominions, with their trades and industries, form the inner node of suction. But their prosperity depends on the prosperity of the countryside, which for a long time to come must remain

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the prime mover of spending power in the urban areas of the Dominions. By dint of still higher and wider protective tariffs, the towns might grind out of the countryside a greater share of the national income; but are we really to found our hopes for Empire migration on the reinforcement of Dominion tariffs? Who would gain by the revolution of such a crazy circle? Not the Dominions, whose people would be carrying the burden of high-cost industries. Not this country, which would have lost not only markets but man-power besides. If, as we wish, the Dominions are to maintain the prosperity of their secondary industries without blocking the markets for ours, either we must lend them more and more capital or we must buy more of their primary produce.

III. SMOOTHING THE WAY

THESE considerations show that the chances of the future are against any great tide of migration from this country to the Dominions. But no one can foretell the future with assurance. The birth-rate in the United Kingdom, instead of falling, may rise again, especially as the pressure of population upon the available house room is relaxed. The pursuit of economic nationalism, which has checked the development of primary resources in the Dominions, may be reversed. Popular ideals of human life may veer from material wealth to the deeper joys of a simple existence on the land. On the one hand, migration policy cannot fly in the face of economic and social facts. If the economic impulse is lacking, the artificial promotion of migration is bound to be as disappointing in results as it will be expensive in administration. On the other hand, migration policy must be based on long-term considerations, and must be ready to take advantage of whatever economic wind may blow. If the economic impulse does arise, then the inherent desirability of an interchange of population within the

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Empire requires that migration should encounter as few hindrances as possible.

In this light, the recommendations of the inter-departmental committee are thoroughly sound in principle. The United Kingdom Government, runs their report, should assist migration only when conditions are favourable to satisfactory settlement, and when Dominion Governments are prepared to receive new migrants, and to join in the arrangements necessary to give them a real prospect of success. The financial burden of any assistance should be equitably shared between the United Kingdom and the Dominions. Save in most exceptional circumstances, the United Kingdom should discontinue the policy of providing capital for land settlement, whether by direct advances to migrants or by a guarantee of capital and interest, and no special assistance should be given by the United Kingdom to schemes for group settlement. This, the central recommendation of the report, is based on the recognition that the successful emigrant must have, above all things, a sense of independence, of standing or falling by his own efforts, and of being a citizen of the country of his adoption. The committee doubt, moreover :—

whether a policy of directing incoming migrants to the land to the exclusion of other occupations can be justified either on economic or on sociological grounds. In so far as the vacant spaces of the Empire can be economically filled at all in the near future, we believe that it would be wiser that they should be filled by those, whether newly arrived migrants or not, who can find their greatest satisfaction in agricultural employment, rather than by those who accept the obligation to work on the land because they can be enabled to migrate on no other condition.

. . . There is unlikely to arise in the near future any substantial demand for the extension of the acreage devoted to primary production. When such a demand does arise, it will, we think, be more easily and economically met by the marginal expansion of existing communities than by the settlement of large new areas.

The positive proposals of the committee are largely concerned with the question of subsidised passages. They

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remark that considerable numbers of persons who would make admirable settlers and who might desire to migrate might be prevented from doing so by inability to find their passage money. Hence the familiar system of the £10 rate to Canada, which operated from 1929 to 1931, should be revived and extended. The general reduced rate should, if possible, be an inclusive rate to the final place of settlement, the rates suggested being £10, £12 and £14 to the eastern, middle and western areas of Canada, and £17 10s. to Australia or New Zealand. The cost should not be borne by the United Kingdom Government alone, but should be equitably shared between the Governments and/or public or private organisations concerned; in no case should the share of the United Kingdom Government exceed 50 per cent.

Apart from those who can profit from such a system, openings will be available overseas for a number of suitable people who will not be able to provide even the cost of the general reduced passage rates out of their own pocket. For them schemes of assisted passages will be necessary. The most important and, in the committee's opinion, the most successful of such schemes is that whereby assisted passages are granted to persons or families desiring to migrate from the United Kingdom, who are nominated by friends or relatives in the Dominions concerned, the nominator undertaking to be responsible, for a stated period, for obtaining suitable accommodation and satisfactory employment for the nominees. Every endeavour, they therefore recommend, should be made to encourage the nomination system and to arrange with the Canadian Government for its extension to all categories of migrants. Specially favourable nominated rates should be provided for families, single women and juveniles, and free passages should be provided for children. The committee definitely recommend that any general reduced passage rate should be withdrawn if and when conditions become adverse to successful migration.

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The easing of the cost of migration to the individual migrant does not create an unnatural economic disturbance ; it merely mitigates an economic friction. No movement of population will take place unless there exists an economic differential, or other motive force, sufficient to overcome the obstacles to transfer other than the ocean fare. We cannot foretell whether such an economic differential will exist in the future between Great Britain and the Dominions, though reasons have been given for believing that if it does exist the underlying causes will be different from those which produced the great streams of migration in earlier periods. On the one hand, the population of this country, instead of increasing, will be actually falling, unless the present trends of the vital statistics are altered, and it will be falling most rapidly in those age groups which supply both the likeliest material for migration and the best labour power for our own industry. On the other hand, on the evidence of the decade before the slump, the immediate attractive force in the Dominions will consist, not in the emptiness of the land, but in the fullness of the towns.

This is not to say that we must throw up our hands and consign the migration problem to forgetfulness. The first function of United Kingdom and Dominion Governments in regard to migration is to co-operate in promoting the prosperity of the Commonwealth as a whole, especially by liberating trade between its different members. If advancing prosperity should create conditions under which migration on a considerable scale is possible, then it becomes their second function to ease the economic frictions in its way, foreseeing those contingencies, like the changing age-structure of the population, which the migrants themselves cannot take into account. Above all, it is their duty to view their several problems of population and migration, not from a narrow national standpoint, but in a setting of the wider welfare of that great community of British nations to which they belong.

Appendix

APPENDIX

I. UNITED KINGDOM: MIGRANTS OF BRITISH NATIONALITY, 1920-33 (in thousands)

		Canada		Australia and New Zealand		Other Parts of British Empire	
		To	From	To	From	To	From
1920	..	119	24	44	15	36	24
1921	..	68	21	39	10	30	21
1922	..	46	16	51	11	21	23
1923	..	88	12	49	11	19	21
1924	..	63	16	50	11	20	21
1925	..	39	14	47	10	20	19
1926	..	50	10	61	10	22	19
1927	..	53	13	49	11	21	19
1928	..	55	16	34	11	21	19
1929	..	65	12	23	12	18	19
1930	..	31	16	12	16	16	20
1931	..	8	18	7	15	13	20
1932	..	3	21	6	11	12	22
1933	..	2	16	5	9	13	20
Totals*	..	689	226	478	162	282	287

		British Empire		Foreign Countries		All Countries	
		To	From	To	From	To	From
1920	..	199	64	87	22	285	86
1921	..	137	53	63	19	199	71
1922	..	118	50	56	18	174	68
1923	..	157	44	99	13	256	58
1924	..	132	47	23	17	155	64
1925	..	105	42	35	14	141	56
1926	..	132	39	34	12	167	51
1927	..	123	42	31	14	154	56
1928	..	109	46	28	13	137	59
1929	..	107	44	37	12	144	56
1930	..	59	51	33	15	92	66
1931	..	27	53	7	18	34	71
1932	..	21	54	6	21	27	76
1933	..	21	45	5	15	26	59
Totals*	..	1,447	675	544	223	1,991	898

* Slight apparent discrepancies in the addition are due to approximations to the nearest thousand.

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II. MIGRANTS OF BRITISH NATIONALITY TO CANADA, AUSTRALIA AND NEW ZEALAND, 1922-31

	Canada	Australia	New Zealand	Totals
Paying own passages	311,200	126,093	40,151	477,444
£10 rate (1929-31) ..	58,248	—	—	58,248
Assisted under Act* :				
Nominees	44,826	113,575	37,116	195,517
Group settlers, or under land settle- ment schemes ..	21,145	9,125	—	30,270
Others	61,876	49,449	7,503	118,828
Totals	497,295	298,242	84,770	880,307

III. FUTURE POPULATION OF GREAT BRITAIN†

		(in thousands)					
Ages :—		1931	1936	1946	1956	1966	1976
0-15	..	10,841	10,067	7,611	5,918	5,048	4,106
15-45	..	21,053	21,356	21,221	18,694	15,261	11,962
45-65	..	9,730	10,081	10,550	11,688	11,953	10,915
65+	..	3,210	3,640	4,508	4,894	5,259	5,729
Total	..	44,834	45,144	43,890	41,194	37,521	32,712

* Empire Settlement Act, 1922.

† From an article by Dr. Grace G. Leybourne in the *Sociological Review* for April, 1934. It is assumed for purposes of the estimates (a) that no net migration movements will take place ; (b) that mortality rates will remain much as at present ; (c) that the amount of marriage will continue on present lines ; (d) that the fertility of child-bearing women as a whole will decline until 1944 and will then become stabilised.

MEN AND MONUMENTS IN MOSCOW

I

COBBLED streets, battered pavements, row on row of brick buildings—unpainted, as white as chalk, as yellow as wax, rarely any other colour, with so many tin roofs, dull red or dull grey, hanging over them like loose and clumsy garments.

My first glimpse of Moscow after a long absence was disenchanting. Again and again I strolled up and down the main avenues, and everywhere it was the same—monotony and glumness. I sauntered into the side streets, and here the scene was still more tawdry—battered pavements with the bare earth gaping through the cobbles like patches of skin through a tattered dress; block on block of one-story brick houses drooping into the ground, and log huts with small windows and wooden shutters as in a pioneer village; courtyards with dilapidated wooden gateways and shattered wooden fences; every house with rain pipes protruding like swollen veins; now and then a yard with a garden patch, an open well, a heap of refuse, a hen with a brood of chickens chirping and scratching round. In the very heart of the Chinese walls, in the courtyard of a famous cathedral, there were washing lines propped on long poles and flapping with coarse garments.

Nor did the people outwardly present a more festive appearance. Anything but that. On the Red Square a peasant in bark sandals and a dangling home-spun cloak was leading an ox; along the river front, in the shadow of the Kremlin, peasants were hauling hay—a caravan of

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carts with the funniest hay loads I had ever seen, little and wobbly, and bulged out in the middle like bloated bellies, then tapering upward like the breasts of trussed fowls ; at the railway stations were crowds of peasants, cumbered with mountainous bundles, wooden boxes, or wicker trunks, or spread out with their wives, their children and their household effects on the floors of waiting rooms ; along the Moscow river, women with skirts lifted above their knees, doing the family washing, and mothers on park benches, on doorsteps, at open windows in their lodgings, suckling infants at bare, heavy breasts.

It was all so primitive, so prosaic, so undisguised. Nowhere a vestige of style, a glimmer of elegance, a trace of reserve. So many men with unshaved heads, so many women without hats, most of them in red kerchiefs ; men in blouses, in coats, without coats, with shirts buttoned or unbuttoned, in boots, in rubber shoes, with trousers rounded out like drainpipes, without a hint of a crease, bareheaded or in dull-coloured caps ; women in short dresses—cottons, woollens, seldom silks or satins—bare legged or in coarse stockings, in low shoes, in sandals, in bedroom slippers ; few men clean-shaven, few women with make-up ; and everywhere queues and queues, long and serried, mostly of women and children, with little sacks or straw woven baskets, waiting and waiting, not minutes but hours on hours, late into the night, to buy bread, to buy potatoes, to buy milk, to buy vodka, to buy tobacco, to buy anything.

I was disappointed. Moscow was not at all as I had imagined. Such an unshapely city, such clumsy architecture, such ugly streets, such bedraggled people, looking as though they never doffed their working clothes. Such a monotony of colour, such an absence of grandeur. Not a metropolis at all but a slovenly village with a smear of urbanity, with nowhere on the main streets a suggestion of the luxury that flows so bountifully up and down Fifth Avenue, Bond Street, the Champs Elysées. Even the

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historic forty times forty churches, once aglow with splendour, were now dulled and darkened like bright skies overcast by clouds. Compared with Vienna, London, Paris, with their blazing lights, their gleaming pavements, their tumultuous traffic, their voluptuous night life, their gay shops, their splash of colour, Moscow was abysmally primitive, as primitive as the springless peasant cart with wooden axles beside the modern motor car, or the muzhik in bark sandals, sheepskin cloak and homespun shirt, beside the dandy in morning coat and silk hat.

Now and then at the rear of a yard there loomed an old mansion, the home of a former merchant or nobleman, built in sumptuous style, with some of the old decorative-ness, like the colour on a dying man's face, lingering on doors, windows, roofs. But only now and then.

Of course there was the Kremlin with its triangular brick walls, its lofty brick towers, its clusters of churches with green and gilded domes, its network of palaces rising high and white above the city like a proud ruler overlooking a far-stretching domain. The Kremlin was superb. Here was grace. Here was colour. Here was opulence. Here was majesty. Here were Byzantium, Tartary, Rome, blended into one, a spectacle, a pageant, a legend. But the Kremlin—like St. Basil's facing it with its riotous ornateness, the one church in the country whose splendour is untarnished and which like the Kremlin itself is treated as sacrosanct, good for all ages and all people—seemed like an alien possession, sundered from the surrounding city not only by its high walls, its forbidding gateways, its armed sentries, but also by its barbaric lustre and its magnificent comfort. It seemed as aloof, as austere, as unapproachable as the rulers who had built it and had lived in it. No, the Kremlin was not Moscow and Moscow was not the Kremlin.

Only when I looked up at the skies did I feel a quickening of the blood. I had never seen skies so enchanting. I remembered the magnificent skies in the American prairie

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country—but how different they were, with their fixed colouring and form. Even on a bright day the skies of Moscow were not that vast dome of fleckless blue, as immobile as the fields below and as ominous as the drought they presaged. These were moody skies, changing constantly and rapidly in shape, colour, movement. Always there were clouds adrift, huge clouds, little clouds, dark clouds, bright clouds, soft as feathers, hard as granite, creeping along slowly like an invalid or an overloaded vehicle, or gliding on swiftly like a slim ship in a still sea, now winding about like a stream, now towering like a range of mountains, now grouped together like haystacks in a meadow, now spread out like immense snowdrifts agleam with sunlight. I had never seen such gay and such changing clouds, such gay and such changing skies. There was in them the verve and glamour of youth. And they were such vast skies. No skyscrapers to partition them. No fogs to obscure them. No smoke to disfigure them. Moscow might be a bedraggled city with a monotony of line and colour, but her skies were the most luminous and the liveliest I had ever seen.

Then came the discovery of a Moscow that had nothing to do with cobbled streets, gross architecture, ugly tin roofs, or even the magnificent Kremlin and the resplendent skies.

"Pardon me, citizen," said the young chambermaid in my hotel, unfolding before me a combination suit, "What sort of a garment is this?" She was so charmingly informal, so gently naïve.

"Underwear. Why?"

"A man's or a woman's?"

"My own."

She hurried out of the room rocking with laughter.

"*Tovarishch* (comrade)," said a woman, stopping me on the Mohovaya, a leading street in Moscow, "may I?"

She was pleasant and self-possessed, and though I had never seen her before she addressed me like an old

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acquaintance. Hardly waiting for a reply, she stuck a cigarette in her mouth, raised the one I held in my hand to hers and lit it. Then, bowing in appreciation and mumbling "*spasibo*" (thank you), she passed on.

To her it was, no doubt, a trifling incident, as much a part of the routine of living as buying a newspaper or answering the telephone. But to me it was a revelation and a challenge. I had seen Russian women smoking in the streets with no more self-consciousness than men. I had had men stop me for a light—Muscovites are always match-poor. But this was the first time a woman had done so. She was curt, informal, polite. There was of course nothing reprehensible in her act, nothing to rouse wonder or dismay. I had read enough about Russian women—I remembered Kropotkin's description of Sofya Perovskaya at the secret meeting of revolutionaries—to have expected just such unawareness of sex distinction. Yet now that I was face to face with it in a form new to me, it struck me as odd. Why I did not know, except that I had never known women anywhere else act like that.

II

"CITIZEN, citizen, aye citizen," I heard someone shouting in a rising crescendo as I was crossing the Kamenny Bridge. I turned and saw a peasant with a sack on his back waving at me. He hurried over and pantingly said:

"My dear *tovarishish*, maybe you can spare a bit of snuff?"

Surprised and amused at this odd request, I replied that I did not take snuff.

"No?" The peasant was grievously disappointed. "Maybe you have a friend in the city who can spare just a little bit of it, a few pinches?"

"Sorry, but I don't know anybody in town who takes snuff."

"You don't? Ah!" And he shook his head in grief

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and sighed again and again. "And I thought on seeing you, a foreigner, in such nice clothes, coming from a land where they have everything, that you would surely have snuff. Ah!" And again he sighed and shook his head. "What a calamity, what a calamity! . . . The devil only knows what is going to happen to us dirty muzhiks and maybe even the devil does not know. I am nigh seventy years of age, will be seventy a week from the first day of next Trinity, and all my life I have been taking snuff, all my life, my dear, and under the Czar I could always buy it, on my word I could, and now in our village store they have nothing but a few rusty nails and lipstick, no chimney lamps and no snuff, and I have walked twenty versts in this hot sun, thinking here in the big city I would find a foreigner who might have snuff. And now you say you have not got it and your friends haven't got it. Ah, what a calamity! . . . I'd be glad to pay for it—and knowing that so many people nowadays don't take money as they cannot always spend it, I brought along a leg of mutton in this sack, fresh mutton, on my word, from a sheep I killed this morning before sunrise. Maybe," he drew so close that I could feel his breath, "there is someone among you foreigners who will sell snuff for a leg of mutton, maybe there is . . .," he pleaded with a quaver in his voice.

I assured him that I did not know of any such foreigner. "Ah, ah!" he sighed with chagrin and incredulity. He could not imagine how any foreigner could be without such a simple thing as snuff.

"I can do without sugar. I can do without herring even on fast days, and I still believe in God and observe fast days. I've had neither sugar nor herring in so long that I have forgotten how they taste. On my word I have. But snuff? How do the Soviets expect me to get along without snuff, ha? How? What a misfortune, what a calamity! Ah!" And bowing politely he walked off muttering to himself.

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Incidents like these crowded on me one after another, as they do on every visitor who ventures beyond the hotels and museums and wanders about the streets of the city. Sometimes they came with the chill of a wave unexpectedly splashing over a bather, but always there was an afterglow, a sensation of delight as at a new discovery, a new triumph. In themselves the incidents might be trivial, but they were unfolding something new, a new picture, a new mood, a new horizon, a new importance.

It was then that I realized that Moscow's external appearance was as deceptive as a flower that folds its petals at the approach of darkness, or a freshly sown field that hides within its bosom the riches of a harvest. To the physical eye the city might be an anachronism, a monument to the dull wits, the coarse tastes, the gross whims of its builders. But beneath the ungainly exterior it teemed with a life which like a conjurer was continually bringing forth surprise, excitement, wonder. The comparison with a conjurer, I felt, was only partially correct, perhaps even absurd, for there was a limit to the illusions a conjurer could evoke, whereas there was no end to the surprises and sensations that Moscow offered. I never ventured into the streets and boulevards but I ran into something—an incident, a person, a crowd, a procession, a bit of dialogue—which made Moscow a never-ending and ever-changing spectacle. The source of this spectacle was always the same—the people. It was not, then, the physical lay-out of Moscow that mattered, not even the Kremlin, St. Basil's, the river, the skies. It was the people who invested it with a witchery all its own, and not until one discovered them did one sense the meaning, the passion, the defiance, of this ancient and momentous city!

In their physical traits the people were not without a flavour of their own. The women were short, plump, with broad faces, large hips, ample bosoms, built for work and motherhood. No wonder they were performing heavy labour in the fields, on railroads, on construction jobs and

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in factories. The slender woman was so rare that her appearance provoked surprise and commiseration. The chambermaid in my hotel once came in and shook her head in sorrow. What was the matter with these American women? They were so thin, the poor dears. "Don't they have enough to eat?" I assured her that they did not lack for food, and she was more puzzled than ever and asked with unabashed and tragic earnestness, "Do the men like them that way?"

The men by contrast were lean. The fat man was even rarer than the slender woman, and his appearance in a public place was a signal for merriment. Once, on the emergence of a fat tourist from the Metropole Hotel, the gang of workers who were constructing a new pavement in the square nearby paused from their labours and laughed, and continued to laugh and to exchange merry quips with one another until the tourist got into a taxi and disappeared from view.

Why did they laugh at him? Why was a fat man a source of amusement to them? In cartoons, films, on the stage, they were being accustomed to associate a fat man with bankers, imperialists, kulaks and other capitalist villains. The sight of a fat man should have roused their scorn and resentment. Instead it stirred rollicking merriment. In the flesh they beheld in a fat man not a monster but a clown.

The men were all alike in their disregard of the daily shave, the pressed suit, harmony of colour in dress. They seemed to care little for external elegance except for beards! The Revolution had won many of them to the use of the razor—youth scorned the beard—but enough of them had not yet become reconciled to the complete shave to make the beard still a distinctive attribute of Russian masculinity. But it was not the Russian beard which is celebrated on the western stage, in the western novel, in the western cartoon—the untamed, unshorn, unfathomable beard. Only the muzhiks in this as in so many other respects clung to tradition and heritage. The city man

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had broken with both. He trimmed and groomed his beard and pampered it like a beloved pet. It was the one thing in his appearance in which taste and choice played a heroic part. In the midst of the effort to build steel shops, automobile plants, chemical factories, he might not be able to purchase the suit, the shirt, the necktie that he fancied, but he could, unhindered, indulge his talent and his whim for beards. And he did. There were long beards and short beards, square and pointed, goatees and chops, vandykes and dundrearies, and a multitude of other styles that defied classification.

It was the manner of the Russians that intrigued and excited me most. They were so incredibly impulsive, so amazingly volatile. In Stockholm and in Berlin, for example, on visiting cafés, I had observed men, alone or with companions, sitting over a cup of coffee or a glass of beer in absolute silence. They enjoyed being aloof. Their manner was so forbidding that unless one knew them one would not dare approach them. Russians could never be like that. They were too loquacious to be happy pent up within themselves. They had to talk. They did not bother about introductions. They never minded being spoken to, and it never occurred to them that others would mind it. They were never too busy, too morose, or too distracted for conversation, and they never hesitated to ask a stranger most intimate questions. How often as I met them casually in my daily rambles did they ask me my age, the amount I earned, the price I paid for my shirt, my suit of clothes, my tie, and whether I was married, and why not? They were insatiably curious. Nor did they hesitate to volunteer information about themselves. They enjoyed it. Without the least show of reserve they talked of their life, their hopes, their despairs, their misdeeds, their failures, their achievements. They loved to confess and argue and justify and condemn themselves as much as others.

And how they loved processions! Hardly a day but some

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organization or factory was parading somewhere for something—Pioneer boys and girls with flapping red ties, Young Communists with guns on straps of leather slung over their shoulders, factory workers with banners and bunting, policemen with a band on the way to a public square from which they were to disperse to their beats, country folk in bast sandals and—in spite of warm weather—hooded up in heavy clothes, making the rounds of sightseeing resorts, and, of course, soldiers. The paraders were always singing. A soloist would start a verse, and the crowd would join in the chorus. Singing was as much a part of a procession in Moscow as cheering is of a football match in America. Indeed, it was a part of the very pulse beat of the city. In the medley of noises, in the evenings especially, that rose above the streets, the sound of song was a recurrent and stirring undertone.

Soldiers were particularly given to song. Rifles on shoulders with bayonets fixed, on their way to or from drilling grounds, or with bundles of towels, underwear and soap under their arms on their way to and from the bathhouse, they strode along in military formation to the tune of a robust melody. Traffic might roar all about them—buses, lorries, crowds—they sang away, quite unconcerned, their booming voices soaring high and clear above the tumult of the streets.

Nothing, however, that I had seen in Moscow had given me such a sense of social desolation as a white funeral. A white funeral is a religious funeral, as distinguished from a red funeral, which is a Soviet funeral. It was on my second day in Moscow that I saw my first white funeral. It was edging through the traffic on the Arbat like a timid child making its way amid a crowd of strangers. The hearse was an open platform, and was painted white, a faded peeling white. The coffin was white, a fresh shiny white. The flowers were white, white lilies, white roses, white chrysanthemums, and were scattered thinly over the coffin. Only one horse was drawing the hearse, an aged,

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scrawny beast, limping and raising its feet with an effort, and the trappings over it, tattered and worn, were white. The coachman was leading the horse by the bridle, and wore a long smock which was also white. It was a pathetic, unpretentious affair. No priest, no banners, no ikons, no symbols, no swinging of incense and no solemn intoning of "eternal memory." Hardly a procession at all. A man with long hair and a stooping back was followed by only two persons, an elderly couple, the woman leaning on the man's shoulder and sobbing. Traffic did not halt, and in the hubbub pedestrians scarcely observed the presence of the funeral. There was nothing save the coffin and the white trappings to signalise the passing of a life. This, then, was the fate of those whom the Revolution had disinherited. Even in death they were alone!

The first red funeral I had seen was such a contrast. Everything was red, blood red. The open hearse was painted red, the flowers were red—red roses, red dahlias, red chrysanthemums. Not one but two horses, sleek and sturdy, were drawing the hearse, and they were decked out with long red trappings which reached over their ears and foreheads. The bunting over the coffin and the hearse was an undulating stream of red. A band was playing the revolutionary funeral march—a military band with soldiers in khaki and shining boots, their brass instruments gleaming in the sun. Directly behind the hearse a woman in a loose cloak and black shawl, shaken with grief, was leaning on the arms of two men, one young and clean-shaven with cap drawn low over his forehead, and the other much older, short, stubby, with a mud-coloured beard, one hand in his bosom, and his eyes fixed on the ground as though he were too proud to show emotion or so choked with it that he dared not look up lest he collapse. Then came a long procession of men and women, young folk mostly, walking solemnly, four and five abreast, and carrying banners as red as the bunting, the coffin, the flowers. Colour and drama were here, and pathos; public remembrance and

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public reverence. Traffic halted to give the procession right of way, and pedestrians stopped, doffing their hats and gazing in solemn contemplation.

"Who is dead?" I turned to a young man in the procession and dropped into step with him.

"A working girl!" answered the youth.

"A *Komsomolka*, a member of our cell," volunteered a girl who walked arm-in-arm with the young man. The dead *Komsomolka*, I learned, was eighteen years old, a worker in a textile factory, and the people in the procession were fellow workers. She was Jewish, but most of the marchers were not. They were not taking her to a Jewish cemetery. Workers did not believe in separate cemeteries for Jews and Gentiles. "We work together, live together, fight together, and get buried together," explained the girl with pride.

I dropped out of the procession and followed it with my eyes until it disappeared down a boulevard, to the fading strains of the band, muffled and doleful. Traffic which had been cut asunder flowed together again like streams of water. As I was wending my way home along the river front I wondered how it would all end, this Revolution and the poignant cleavages it had wrought. So much tragedy and social desolation in the white funeral, so much majesty and social remembrance in the red funeral—symbols of two worlds which touched one another only by the accident of being in the same land, the same city.

Then casually I looked up at the Kremlin. A huge and brilliant red flag, floating over the St. Nicholas Palace, was being blown in the direction of the gleaming crosses that capped the cathedrals nearby. The red flag and the Christian cross seemed to reach out to one another in amity and goodwill. Of course, it had no meaning at all. It was no symbol of an approaching reconciliation. It was only an accident. Yet there they were—the red flag and the Christian cross as if in a joint salute to the world about them.

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III

A SURPRISE of a different kind was provided by the Moscow police or militiamen. They looked dignified enough, nor was there anything shabby or unkempt about them. In their high boots with trousers tucked inside, in their grey uniforms and helmet-like caps, they presented a smart appearance, the smartest, next to army officers, of any men in the city. But they were astonishingly young—in the early twenties—and astonishingly small. They were not midgets, but they were picked, it seemed, deliberately for their youth and their smallness of stature. Was it because a big man might be more readily tempted to turn bully and abuse the citizenry? Or because in the minds of the new rulers the idea of a policeman was still associated with that of a hireling of capitalism who broke up strikes and workers' meetings? Whatever the explanation, the Moscow militiamen were the smallest and the most youthful guardians of the peace I had ever seen. Beside the formidable English bobby or the tough American cop, they were mere caricatures, walking toys, fit more for comic parts in musical comedy than for the tasks they were performing. They seemed easy-going, too, and unassuming, quite out of tune with the spirit of ruthlessness that the proletarian dictatorship implied.

Nor was their martial equipment calculated to inspire terror. They carried guns, it is true, in leather pouches outside their uniforms. But they had no truncheons or "night-sticks" with which to belabour wrongdoers. If emergency demanded, they might shoot violators of the law, but might not beat them. But suppose people resisted arrest? No sooner had I posited the question than I dismissed it. In such a situation I was sure a Russian militiaman would not stand on ceremony. He would be as rough as any American cop. Soon, however, I discovered that I was in error.

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As I strolled along the Strastnoy Boulevard I saw a crowd in front of a restaurant. In the centre were a militiaman and a young, well-dressed woman, her lips daubed with lipstick. The policeman accused her of soliciting in the streets and sought to arrest her. The woman denied the accusation and refused to be arrested. The colloquy attracted an ever-increasing crowd.

"I have to arrest you," insisted the policeman.

"I refuse to be arrested," protested the woman.

"You've got to arrest her," pressed a man with a briefcase, evidently an official of importance, "she's been accosting me here in this very boulevard."

"Come," said the policeman, taking her by the wrist.

"I am not going," retorted the woman, snatching away her arm.

"You can establish your innocence at headquarters," argued the policeman. He was not angry, but he was firm.

"I refuse to go to headquarters."

The militiaman pleaded, argued, warned, threatened. He seemed so pathetically helpless. But the woman was obdurate. She would not be arrested. To me it seemed a comic procedure, more like a sketch on a variety stage, a bout of hilarious farce, than a slice of real life. Yet nobody laughed. The bystanders took it as seriously as did the militiaman, and joined in the tilt, on his side. Men and women, one after another, pleaded with the woman to go with the policeman. They reminded her that refusal to do so, even if she was innocent, constituted an offence and would bring severe punishment. The policeman remained silent while the bystanders talked, glad of the support they were giving him. In the end, persuasion won. The woman agreed to go to police headquarters, if she did not have to walk, to which the policeman readily consented. The public, the bystanders, instantly turned to see if a cab was available, and when they saw one coming they hailed it with explosive joy. The woman entered the cab, the policeman followed her and they drove away.

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Many of the people whom I met in my rambles would unfold, in part or in whole, the stories of their lives, eagerly, eloquently, touchingly, without any solicitation on my part, and never in an effort to justify their misdeeds or to exaggerate their virtues. They were so sublimely unabashed, so heroically humble. Again and again in such company I felt that I was listening to characters who had emerged in the flesh from the pages of Gorky or Dostoievsky.

Once as I was walking up the Petrovka in the heart of the city I felt someone pull me by the sleeve. "Excuse me," said the oddest-looking man I had ever seen—a tall, gaunt figure, clad in mere rags carelessly stitched together by coarse thread and wire. He had neither shoes nor hat, and his face was smeared with sweat and dirt. "Please excuse my boldness," he said apologetically and with a merry twinkle in his bloodshot eyes. "I need ten kopeks, upon my word I need them."

"What for?" I asked.

"What for? I'll tell you," he said, and his smile bared his shiny white teeth. "I have fifteen kopeks, and if you give me ten more I'll have twenty-five, and for twenty-five kopeks I can buy a beer in that tavern there on the corner. See it?"

I looked at him. His hair was long and tangled, and seemed as if hung on a frame from the middle of his head. His clothes exposed more of his body than they covered, and he smelled heavily of sweat and liquor. He looked the part of a variety clown. Yet there was a winning quality in his twinkling eyes, his careless manner, his soft voice. He showed none of the abasement of a beggar. He asked for ten kopeks with as much assurance as a customer orders a pound of sugar from the grocer. Here was one of Gorky's tramps in the flesh—frank, proud, self-assured.

"Don't you give him any money," growled an old woman who was passing by with a sack on her back. "He's had enough to drink."

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The man laughed like an innocent boy.

"Brother mine," he said, putting his arm round me, "how little she knows the world. . . . Akh, you ignorant *baba*" (old woman).

"If you were my man," retorted the woman angrily, "I'd give you such a hiding as you'd never forget, you scamp! Somewhere in a basement here or in some other city, I suppose, there is a woman with half a dozen children whom you have deserted and who are crying their hearts out for you, you good-for-nothing. . . ."

The man was not moved by this tongue-lashing from an utter stranger. He laughed heartily.

"She doesn't know anything," he explained. "I've never married a woman, believe me, my dear, I haven't, and the reason is that no woman would marry me. I am distasteful to women. I drink, of course I do, but why shouldn't I? Why shouldn't I drink as much as I can hold inside me? Just look—just look. . . ." By this time several passers-by had stopped to listen. "Do I look like a man? Do I dress like a man? Do I smell like a man? Do I feel like a man? . . . Why should I act like a man? Why should I be a man?" He laughed and the bystanders laughed with him. I slipped him a coin and he dashed away singing, while the crowd remained to speculate who he was and whether or not I did right in helping him to obtain another drink.

On another evening I had no more than turned the corner of the Tverskaya when I was stopped by a youth reeling with intoxication. A well-dressed youth he was—too well dressed for Moscow, in low shoes, cap, a smart suit of clothes, and a collar, but no tie. He, too, asked for money—five kopeks to go home on the tram. "You are an Englishman," he addressed me in perfect English.

"Not quite."

"Sind sie Deutsch?" he hazarded, and proceeded to speak German and French and then English again. I was intrigued, for it was evident that this was no common

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drunkard. I did not have to wait long to learn the man's story. His father had been a rich man before the Revolution, and as a child he had had French and German and English governesses and had travelled widely in Europe. "A good man, my father was—very good to me, because I was his favourite son. But he was a *bour hui nu*, a swine—a smelly swine, that's what his valet told him when the Revolution came. Yes, valets did talk like that to their masters in those days. What has become of my father I don't know. He fled abroad—the coward. Maybe he is in Naples, maybe in Berlin, maybe in Paris playing around with women. I don't know and I don't care. He abandoned us—me and my younger brother—and the devil take him!" He reeled and wobbled and nearly fell on the pavement.

"Tell me," I said, wondering how a man of his origin was faring in the proletarian capital, "what do you do—I mean, how do you get along?"

"How do I get along?" he repeated in English. "Ah, that is a secret, a big secret. But I'll hide nothing from you, nothing. You mean, I suppose, what do I do for a living. Hm. . . . I have even stopped asking myself the question. Come to think of it, I do get along, don't I? No, I've no job with the Soviets—I'm not good enough—not a proletarian—the son of a capitalist swine . . . so I keep taking to the market-place day by day the things that the Bolsheviks overlooked when they confiscated our family belongings, and I sell them for the best price I can get. . . . Then I write. I dreamed once of becoming a great novelist, something like your Jack London—only, of course, not so great—and so I write, very little and very rarely, and I must say very poorly, so rarely and so poorly that I never get anything printed. . . . And, thirdly, I drink. That is how I get along. Do you see?"

A militiaman came by and said, "You'd better get home," and taking him by the arm led him away to the tram.

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Several days later I saw him again, lying prostrate on the pavement in the Tverskaya. A crowd had gathered about him and a militiaman bent low over his head, vainly trying to ascertain from him who he was and where he lived.

Then there was the man whom I met one evening on the Strastnoy Boulevard. I had been in the Praga Restaurant and on my way home sat down on a bench to enjoy the night. The lights were already out, and there was silence save for the occasional clatter of a tramcar and the honk-honk of a passing motor-car. Then a voice broke the stillness, a man's voice, soft and shaky, as though the speaker were not sure that his approach would be welcomed.

"Excuse me, sir, you are a foreigner?" French was the language.

"Yes," I replied in English, and the man, tall and distinguished in an up-to-date suit of clothes and a soft hat—better dressed than any Russian I had yet met—sidled into a seat beside me.

"I'll talk English then," he replied, speaking with a harsh accent. "You won't mind," he continued, "if I ask you to do something for me?"

"If I can," I answered, wondering who he was—a spy, a White, a smuggler, or just a victim of the Revolution.

"Of course, if you cannot, you cannot." The man was uneasy, but plucked up his courage to continue. "Please believe me, I never should have approached you if I hadn't thought you might be of help to me. I saw you in the Praga Restaurant and have followed you here to the boulevard. Now don't for heaven's sake think I am a spy, a hireling of the GPU. I am not, I swear I am not."

I waited and the man soon resumed speaking.

"I may as well begin by telling you who I am. My name is Alexey Kirilovitch T-v, of the T-v family, once high in the counsels of the Czar, an engineer by profession, an electrical engineer. Had my own business with offices in Berlin and London. I was rich, very rich, but I lost everything in the Revolution, everything, and my wife, poor soul, died

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from typhus in 1921. No children. Now I am living in Leningrad in a small apartment with a peasant woman, my housekeeper. A man of experience, you see, and some talent, useful to the Soviets and honest. Trusted by everybody and treated well. I can't complain. But my dear, dear friend, I am so unhappy. Not because of the loss of my fortune. Not a bit of it. To the devil with money. I can live on black bread and cabbage soup and be happy. Every Russian at heart is a muzhik and can live like a muzhik. But something inside of me has snapped, gone out . . . out . . ." His voice broke off, and he paused, but not for long.

"You see," he began again with an effort to be calm, "I was born and educated in the old capital, Leningrad. Every inch of ground in the city I treasure and love, and every time I go into the street I tremble . . . I see buildings, mansions, churches, offices, and I think of this and that friend who worked or lived in this or that place, and I grow faint. Where are they all, these men and women who ate and slept and loved and wept, and went to the theatre and gave parties and invited me to their houses and played and danced with me and became as much a part of me as the very air I breathed? They may have been terrible people, usurers, exploiters, loafers, swine. All that the Bolsheviks say about them may be true. But they were people, my people, part of me as much as I was part of them. And now where are they? I do not know. I never see them. Not even those who have remained alive and are still about. They don't count. They are not of much use even to themselves. They are finished, dead, even if they still crawl around like lice. . . . I have nobody except my muzhik housekeeper, an old servant of the family. The other day I said to her, 'Marfa, I am dead,' and she got down on her knees and crossed herself and prayed and begged me never to say such words. But I cannot help saying them. I cannot help thinking that way. I *am* dead. I know I am dead even if I still talk and work and

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sleep. I cry so often, so often—just lie down on the divan in my room and cry like a beaten child, because I know I am not really alive. Think of it—a man of such influence in the old days, with a first cousin Minister to the Czar, with the Czar himself calling me into consultation, and with the Bolsheviks respecting me as a man and as an engineer and trusting me with responsible projects. Such a man and yet such a weakling—lying on the divan and crying and repeating to my housekeeper ‘I am dead, I am dead, Marfa.’ And she, poor woman, praying for me and scolding me and pleading with me amid her tears never to repeat those terrible words, and I unable to promise anything or to say anything except to repeat louder and louder, ‘I am dead, I am dead.’”

He paused, drew his handkerchief over his eyes and sobbed convulsively.

“Please do not mind me,” he resumed. “I didn’t mean—well, you see, I am weak, so terribly weak, and I must get away from here to a far, far-away place. I want to go to America, and if you could only help me to get there, tell somebody in the American Government who I am, and obtain permission for me to land. . . . Ah, I’d be so grateful to you, so grateful, and maybe the Bolsheviks will let me out, maybe . . . I’d tell them the truth, I’d tell them how broken up I am, how necessary it is for me to get away to a far, far-away country, and maybe they’d have pity on me, maybe. . . . They have not maltreated me, thank God, and I can’t complain. I’d be glad to do anything in America—dig coal, plough land, cut timber—anything. I am not so very old yet—fifty-six—and perhaps in some other land, far from reminders of the past, I would come to life again. . . .”

IV

SINCE my first visit to Moscow the face of the city has changed and is still rapidly changing, almost beyond recognition. Gone is the Temple of the Saviour, whose golden

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dome only a few years ago flashed upon the horizon like a lighthouse at sea, in a brilliant welcome to the arriving traveller. Gone is the ancient and widely famed Iberian Virgin, before which Czars and peasants alike knelt in prayer and devotion and in appeal for miracles in their behalf—gone and really forgotten. So many churches have been torn down and abandoned that now one has to go for miles before finding one that is still standing. Rarely does one now see a priest in the streets. This once "holy city," the little mother of Russia, seems to be in a fearful hurry to cleanse itself of every vestige of its ancient godliness. Street after street has been torn down and straightened and cleaned. Row on row of ancient buildings has been demolished and new ones—more imposing, equally clumsy, and with rare exceptions hardly more appealing to the eye—have been put up. All over the city, by day and by night, drills and engines and steam shovels whine and roar, filling the air with noises which must make the old builders of Moscow turn in their graves.

In the department stores one can now see Russian-made pianos and gramophones on which the Muscovite loves to play American jazz records. Over and over he plays them, late into the night, indeed into the early hours of the morning. In the city planning office architects showed me an array of photographs, maps of the future of the city. Practically all of it, with the exception of the Kremlin and a few other historic landmarks, is destined to be torn down and rebuilt. And yet the people have remained the same—as eager, informal, impulsive, as ready to talk, to quarrel, to confess, to identify themselves with every passing incident and to enact the same little comedies and dramas that they had always played in the streets. And yet one wonders whether the machine, the mighty weapon of the Revolution which is so busily and so greedily ploughing up the old civilization, is not going to change all that and make the Muscovite as reserved, as formal, as dignified, as formidably aloof, as the citizens of so many modern cities.

CANADA AND COMMONWEALTH SECURITY

I. CANADA'S SECURITY PAST AND PRESENT

SECURITY has two aspects, one territorial, the other extra-territorial. In the territorial aspect the term means freedom from the risk of invasion by hostile forces; in the extra-territorial it means freedom from the risk of interference with the movement of trade through extra-territorial channels. To the Frenchman's mind the territorial aspect is the more important: he tends to think of security in terms of the German menace. From the point of view of the United States, and at least until recently from the point of view also of Great Britain, it was the extra-territorial aspect that was the more important; that aspect is suggested by, if not summed up in, the phrase "the freedom of the seas." The recent debate on the advisability of increasing the strength of the Royal Air Force* suggests that to the people of Great Britain the territorial aspect of security has increased in importance relative to the extra-territorial.

In neither aspect has the question of security seriously agitated the minds of Canadians, except when discussions have arisen on the policy of making contributions in either ships or money towards the strength of the Royal Navy. When these discussions were at their bitterest, in 1913, the question chiefly debated was whether the emergency was such as to require the adoption of a course which in other circumstances none of the disputants would have been

* See THE ROUND TABLE, No. 96, September 1934, p. 863.

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inclined to support, and about the discussions themselves there was always a certain unreality. They were concerned chiefly with security in its extra-territorial aspect, and it was always difficult for Canadians to feel that a money contribution of the order of a few millions of dollars, or the provision of one or two additional men-of-war, could make any very substantial difference one way or the other. Either the navy was strong enough, without the contributions, to ensure the safety of Canada's trade routes, or else, even with the contributions, it would be too weak to protect them. All that was involved was an additional margin of safety, and few Canadians regarded that margin as being of high intrinsic importance. It was generally assumed that the Royal Navy would in any event be maintained at sufficient strength and that it would be used to protect Canada's coasts from attack in the very improbable event of a need for such protection. The conflicts were rather conflicts of words, and it cannot be said that they had any very profound effect on public opinion.

For the protection of her own territory there was practically nothing Canada could usefully do. It was impossible to fortify either of her sea coasts sufficiently to ensure their security independently of naval force, and any attempt at fortification was confined to a few points of special importance. No navy that Canada could conceivably maintain could be made strong enough to resist attack from any of the few great Powers by whom alone an attempt at invasion was conceivable. The inviolability of the land frontier to the south depended upon the maintenance of good relations with the United States. Even if good relations were threatened, no land force within the realm of practical politics could possibly be counted upon successfully to oppose itself to a thrust, for example, from Chicago, whence an invading force might move either towards Lake Erie or towards the western prairies. Consequently, the question of security, whether territorial or extra-territorial, as a matter of national concern, hardly impinged

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upon the minds of Canadians. The purposes to be served by Canada's naval and military forces were regarded as being the protection of fisheries against unarmed poachers, the preservation of domestic order, resistance to possible unauthorised raids such as that of 1866, and, above all, participation by the land forces in a hypothetical imperial war.

The conquest of the air has completely changed this situation. It is now quite within the capacity of Canada to maintain an air force strong enough to deter a hostile force from overseas from attempting to make a landing on any part of her coasts. Indeed, the organisation, within a few years, of an air force capable of discharging that function may now be anticipated. For such a force the recent greatly increased resort to flying for civil purposes naturally affords the foundation, but curiously enough it has been the great depression which has made its organisation an immediately practical possibility.

Though many, perhaps most, Canadians even yet fail to realise it, the effectiveness of air operations and civil air transport depends as much upon ground organisation as upon the efficiency of the aircraft in use. Air Force depots, if not civil air transportation bases, must be near the centres of population, and the population in Canada is centred in the inland provinces of Ontario and Quebec. In fact, the principal Air Force depot has been in the western part of Ontario. This training centre is to be moved slightly eastward to Trenton on the north shore of Lake Ontario, but it will still be nearly a thousand miles from the eastern seaboard and more than two thousand from the western. Apart from the depression the difficulty of providing land facilities for the rapid movement of air squadrons from their principal bases to either coast would probably long have remained almost insuperable. Parliament was not seriously concerned either with the problem of defence or with the provision of facilities for civil air transport. As a result of the depression, however, there came into

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existence a large body of unemployed and, generally speaking, unattached young men. A constructively imaginative Department of National Defence seized upon the opportunity to find work for idle hands to do, securing at a stroke a lessened risk of internal disorder and an improvement of Canada's air facilities. Large bodies of men were employed, practically for their keep, in constructional work under the Department, chiefly in the laying out of what has come to be known as the "Trans-Canada Airway."

This consists in a series of prepared landing grounds, some thirty miles apart, along a line extending from Halifax on the east to Vancouver on the west, with intersecting and branch lines running north from Toronto to Cochrane, from Lethbridge to Edmonton, and (in prospect) from Regina to Saskatoon. The landing grounds themselves are expected to be ready for use before the end of 1935, and soon after they are finished the whole airway may be expected to be equipped with radio beacons, lights and other necessary facilities for air navigation. Most of the grounds, of course, will remain without equipment, being intended for use only in emergencies. Fully equipped aerodromes will be separated by something like three hundred miles. The airway was needed to permit the proper development of civil aviation. Its location is understood to have been determined solely on commercial grounds, but its existence has, nevertheless, a very important bearing on the problem of defence.

Canadians appear to have a special aptitude for flying. At least in 1918, and probably even earlier, some 40 per cent. of the whole personnel of the Royal Air Force came from Canada, and the proportion of Canadians among the officers and non-commissioned officers who actually flew was very substantially higher, perhaps as much as half as high again, although on this point exact figures are not at present available. The Royal Canadian Air Force is now a highly efficient, although not a large, organisation. Its strength, in both personnel and equipment, has lately been

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increased, and as it has always been looked upon as the best school for civil pilots, the growing interest in air transport is likely to bring about a further substantial expansion, quite apart from military considerations. This will probably involve the expenditure upon it of a considerably larger proportion than heretofore of the total sums available for all defence services, and possibly even a reduction of the sums appropriated for the land and sea forces.

A comparison of recent parliamentary estimates suggests that the process of redistribution has already begun. After a certain increase in air strength has been made, Canada will be able, on a few hours' notice, to transfer to either coast a number of air squadrons amply strong enough to make a demonstration against that coast by an overseas fleet so dangerous as to discourage, if not wholly to prevent, its being attempted. The land forces could be concentrated on either coast after a somewhat greater delay than the air squadrons, and would there afford them the necessary ground support. Items which have appeared in the press suggest that the training of the militia is being modified in the direction of increasing the number of men mechanically trained. It may be expected, moreover, that like modifications will be made in the character of Canada's naval equipment and in the training of her naval personnel, with a view to facilitating co-operation for defence between the Royal Canadian Navy and the air arm.

It seems hardly possible to overestimate the significance of the change in the position thus outlined. Canada need no longer feel herself entirely helpless. The old taunt, that it was confidence in the Monroe doctrine which prevented Canada from feeling concerned about possible invasions from the sea, will before long have lost its point. If she is not so already, Canada will soon be found not only willing but able to accept full responsibility for the protection of her coasts, without sheltering herself either behind the United States or behind the British fleet. This internal change, however, in no way affects the question of extra-territorial

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security. The position in regard to it remains as before, except to the extent that it, too, has been affected by the conquest of the air.

II. COMMONWEALTH SECURITY AND THE LEAGUE

THE exception is a most important one. If Canada is right in thinking that she can effectively deny her coasts to hostile men-of-war, it follows that no armed and armoured vessel can expect to command any part of the narrow seas, and where an armoured vessel cannot safely penetrate it is obvious that the frailer merchant ship can pass only by permission. The freedom of the narrow seas no longer depends upon naval power, but upon air strength. The question of the security of the Commonwealth thus presents itself in an entirely new form.

How far, in these circumstances, can there be any such thing as combined Commonwealth action? Is a repetition of 1914 conceivably possible? It is hard to imagine the Government of any Dominion prepared to face the risk of embarking substantially all of its trained war personnel on merchant vessels and moving these to Europe, no matter with what air protection the convoy could be furnished. A Commonwealth concentration for the defence of India, or perhaps at Singapore, presents different considerations. To both India and Singapore there is a back door as well as a front, and it is improbable that access to both could be contemporaneously denied by hostile air action. If it is contended that to Great Britain there is likewise a back door, a fresh set of questions arise.

Assuming the possibility of concentration, it seems at least open to doubt whether any overseas force could arrive in time to be of use. Some students incline to the view that soon after the first contacts of hostile air forces, either with each other or with enemy aircraft defences, the losses of air personnel and equipment

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suffered by both combatants will be so great that neither will be capable of further effective air effort: losses at the rate of 100 per cent. a month are spoken of. It is suggested that the period of air operations will be followed by a pause, during which both sides will seek to reorganise and recuperate, and that in this period of pause the ocean transport of reinforcements will be a feasible operation, even if a dangerous one. This appears to be an optimistic view, in the sense that it envisages an opportunity for sea transport which is likely to be useful only if the air power of both combatants is in abeyance. If either retains command of the air, it should be able, within a time too short to permit the arrival by sea of reinforcements either to itself or to its opponents, to crush the latter's will to further hostile effort, if not capacity for it. If, moreover, command of the air remained with the enemy, the dispatch of reinforcements by sea would necessarily be extremely hazardous. There seems, therefore, to be good ground for the view that an attempt to bring about a concentration of Commonwealth armed forces in Europe would almost certainly be either impossible or unnecessary.

It must be admitted that the present international situation has in it at least many of the characteristics of pre-war international anarchy. Canadians have always been strong supporters of the League of Nations, notwithstanding that the object of the League has been commonly presented to them under a somewhat unfortunate guise. That object has usually been represented as the organisation of peace, but even if it had been more usually presented as what it really was, namely the organisation of power, that is communal power, or at least a long step towards it, the League would have commanded equally general support. While there is no doubt that its nominally world-wide inclusiveness had a certain ideal attraction, membership by Canada would probably have been almost equally widely approved if, in correspondence with the stark fact, the League had been recommended as an association of vigilantes

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who combined for the repression of individual breakers of the public peace—provided always that the association seemed disposed to make adequate provision for the redress of wrongs, and that Canada's responsibilities were appropriately limited having regard to her isolated geographical situation.

The creation of the League and the course that it followed induced at first a justified optimism; but since the defection of two of the great Powers that optimism has undoubtedly given place at least in part to pessimism, and the adhesion of Russia has not been sufficient to counter-balance this loss of faith. Canadians prefer a body which acts to one which merely talks, and though this is by no means to say that the League could have done otherwise than it did, there is no doubt that the great majority of Canadians were profoundly disappointed at the failure of the League to compel Japan to respect public international law. Canadians have an innate respect for law and an inherent inclination to support its enforcement. They are irritated and depressed by any failure of the law to make itself felt, and were a practical plan presented for the better organisation of power, it is extremely probable that there would develop in Canada very strong support for its acceptance.

Situated historically and geographically as they are, Canadians commonly regard Great Britain or France as their spiritual, but the United States as their material, "home from home." While they do not approve of some of the manifestations of United States national characteristics, there is not the slightest awe of the United States on the part of Canadians, or any contempt of Canada on the part of citizens of the United States. Individuals resident north and south of the boundary generally find that they have the same intellectual outlook as their opposite numbers on the other side drawn from the same social strata. In a proper case, they would have not the slightest hesitation in co-operating with one another to defend the

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continent of North America against invasion or against hostile action affecting the common interests of its inhabitants in other parts of the world.

On the other hand there is a most intimate association between the Canadian services in all branches and the corresponding services in Great Britain. From the point of view of their organisation, equipment and training, joint operations by British and Canadian forces could be undertaken with a minimum of difficulty. There would undoubtedly be a strong disinclination, if not a flat refusal, on the part of any Canadian Government to permit any Canadian armed force, even one operating abroad, to become wholly merged with the forces of Great Britain, much less with those of the United States. Canadian forces would almost certainly be required to act under their own Commander-in-Chief, who would report directly to the Canadian Government and would be responsible to it and to Parliament for the proper use and care of the forces under his command. But if Great Britain and the United States, with the co-operation of such other Powers as they regarded as essential for their support, undertook to enforce the recognised public law of the world by appropriate use of their combined war strength, there is little or no doubt that adherence to that plan would have the support of very many Canadians. It is nevertheless probably true that even such a combination would not command the same general support in Canada as would a more inclusive group, acting under the Covenant and accepting the Statute of the Court of International Justice. To co-operation with such a group opposition in Canada would probably be so slight as to be almost negligible.

The only present alternatives to the formation of a group of one kind or the other seem to be reliance upon the present unwieldy machinery of the League of Nations, with its failure to apportion national responsibilities on geographic grounds, or a reversion to complete international anarchy. Canada's prospective capacity to protect

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herself against invasion makes the emergence of an anarchic world somewhat less alarming to Canadians than it might otherwise be. As that capacity becomes actual, it will tend to give them a sense of national solidarity considerably more acute than they have heretofore possessed. Even if, under anarchical conditions, Canada was willing and anxious to throw her full strength into a war which threatened the continued existence of the Commonwealth, it seems rather more unlikely than likely that intervention in such a war would turn out to be a possible course of action.

III. CANADIAN OPINION

IN 1914, for the first time in a century, Canadians were brought into intimate contact with armed hostilities. The sea coasts were guarded according to pre-arranged plans, and a considerable number of troops were sent to the western front. No naval participation was possible, since the struggle over a Canadian navy three years earlier had resulted in the taking of no action. Thus, although distant from all the theatres of war, Canada became actively concerned in it, and many thousands of her citizens learnt from experience something of its art. But, as happened in some other countries, experience of war led in the long run, not to a flowering of the martial spirit, but to an active desire for peace where before had existed only a vague acceptance of it. The war did more than that; it brought to a head, rather suddenly, the long-standing process which led Canada from the position of an overgrown schoolboy to that of a rather self-conscious young man in a sophisticated world of mature and adult States.

With the end of the war, Canada, viewing the diplomatic world for the first time direct from Ottawa, rather than by way of London, instinctively pinned her faith to the Covenant and the new internationalism. To Canadians it seemed that the world as a whole was at last adopting the method of settling international disputes that Canada

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and her great neighbour had been following with success for a hundred years. The view came to be generally accepted that the collective system offered, not only the right approach to world affairs, but also a solution of the vexed question of imperial relations in the realm of foreign affairs. If all the self-governing parts of the Commonwealth were committed to the principle that the only war in which they would be called upon to take part would be a war in defence of the collective system, then, clearly, the problem of the diplomatic unity of the Commonwealth largely disappeared.

There is reason to believe that public belief in the League and in the principle that it represents was never stronger than now. At the same time, no one but an ostrich could fail to see the growing triumph of the old system of action by individual States or groups of States on a basis of *Realpolitik*. As mentioned above, it is chiefly the realisation of this painful fact which has precipitated the imperial defence issue.

In face of the new world situation, Canadian opinion, so far as it is formed at all, is hesitant and divided. Many Canadians are conscious that Canada occupies a peculiar place within the Commonwealth, one that appears to give her protection without liability. It is said by Canadians as well as by outside observers that Canada should either stand on her own feet in the world, and be prepared to accept the dangers of that position, or else be ready to co-operate with the other members of the Commonwealth in defence and foreign affairs. While it is in many ways desirable that this logical alternative should be faced, it is unlikely to be faced unless external pressure is applied to compel an answer. There are many reasons for this. A democracy is not accustomed to facing great problems of foreign relations unless they are immediate and pressing. Canada, moreover, is a democracy which has had little experience of foreign affairs. The first glorious burst of sovereignty which took her to Paris in 1919 was not followed

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by a consistent attention to the issues of foreign relations on the part of either the Government, Parliament, press or public. It is unfortunate but true that Canadians as a whole do not consider themselves as intimately concerned in such matters ; and Ministers who are not obliged by parliamentary curiosity to divulge their views and actions in foreign affairs do not go out of their way to tread on difficult and controversial ground. On one side this curious lack of interest arises from the absence of tradition and from a carry-over of the former colonial status ; but there is also a more concrete cause to be found in the not uncommon belief that Canada is in a position of special security.

It can hardly, indeed, be denied that such is the case. With the only land frontier out of military consideration, Canada assumes the position of an island—and even better than an island. For it is commonly felt that the policy represented by the Monroe doctrine applies in some degree to Canada, and that the United States, in her own interest, would regard with high disfavour the control or occupation of Canadian soil by a great Power. If the American-Canadian frontier is incapable of defence from the Canadian point of view, it is almost equally so from the American. No political arrangement in North America could be so favourable to the security of the United States as the present one.

Canadian opinion shares to some extent the feeling for North American isolation that is more clearly held by her neighbour. Although she has important trade interests in many parts of the world, Canada has no tradition of "foreign entanglements" (except with the Commonwealth). The average Canadian feels that, however involved and menacing may be the state of the world, his country is in no apparent danger of attack, and therefore need make no preparations, either by national defence or by alliances. It has been suggested, indeed, that the Pacific coast is a potential zone of danger, in that any

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conflict between the United States and Japan might involve the Pacific coast of Canada as a scene of aerial warfare. Such a possibility, however, is generally felt to be remote ; and whether or not it enters into the speculations of the strategists, it has at present little or no effect on governmental policy.

It has been said that the issue of imperial defence is one on which Canadian opinion is much divided. There are in Canada "imperialists" of the Right and nationalists of the Left, and there are groups representing every shade in between. There is no such thing as a Canadian attitude towards the Commonwealth, except a predominantly friendly one towards the existence of the Commonwealth in substantially its present form. There is, however, a strong body of opinion which regards as unthinkable any kind of Commonwealth co-operation that carries with it, implicitly or explicitly, the obligation to take common action in case of war or threat of war. The same people would fully acknowledge Canadian obligations to the League of Nations for similar common action. This school of thought appears to be growing in size and influence. On the other hand, there are Canadians who view the matter quite differently, and believe that Canada would be serving her own best interests if she acted in concert with the other members of the Commonwealth in foreign affairs. It may be that the issue has to be forced ; it may be that the escape from the imperial dilemma by way of the collective system is now closed. But it is clear that serious division of opinion can hardly be avoided in Canada if her Government must decide whether or not to throw in her lot in a military (and therefore political) sense with the Commonwealth. The greatest danger is that this country should find herself forced to make an impossible choice between co-operation with her oldest partner and continued good relations with her friendly neighbour.

Canada.

November, 1934.

THE THIRD LEAGUE OF NATIONS

THE League of Nations, as conceived in the minds of its founders, never saw the day. It was intended, above all, to be universal in membership, but this ideal was first postponed by the omission of the ex-enemy countries, and then smashed by the abstention of the United States. The League that actually came into being has changed its essence so vitally from period to period as to make it possible to speak of the first, the second, and now the third League of Nations.

I. THE LEAGUE, 1919-34

THE first League was very different from the vision of the idealists. True, it set out with high aims—some of them, perhaps, too high for practical marksmanship—and with enthusiastic hopes among its constituent peoples. But Germany was outside, Russia was outside, and the United States was outside, while even among the members of the League there soon appeared a critical rift between those who took an “idealist” and those who took a “realist” view of collective security. Great Britain and the Dominions regarded the League as a means of ensuring that there would be no more war—a goal which had become for them almost an article of national faith. To France, on the other hand, the League was designed to secure to the victors in the late war the fruits of their victory, and to ensure that when the next war came the supremacy would lie with the victim of aggression—that

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the big battalions would be on the side of God. Much time was taken up in the life of the first League with problems born of this conflict. First the Draft Treaty of Mutual Assistance and then the Geneva Protocol fell to the ground, partly by reason of their inherent defects, but fundamentally by reason of the reluctance of British public opinion to commit this country in advance to another war to end war.

In these circumstances, the League not unnaturally took the character of a policeman in French uniform, supervising the political reconstruction of Europe. Its chief practical function, apart from providing the world's statesmen with a common meeting-place, was to express the will of the former Allies that peace should be maintained on the basis of the treaties, while molten Europe settled into its new political pattern. The wars that were prevented or stopped by League intervention were but the sparks from the still smouldering embers of the war, and they were treated as sparks, not as new conflagrations. French hegemony, inside and outside the League, counted for more in the stabilisation of Europe than did any abstract reverence for the rule of law. Beyond Europe, the League was of less importance than the independent power and policies of the British Commonwealth and the United States—regulated, as they were, by the Washington treaties, and inspired by a profound disillusionment with war.

The second League began with the signature of the Locarno treaties and the admission of Germany to Geneva in 1927. Thereby the Powers acknowledged, in effect, that the period of virtual armistice was over, that Germany was no longer the vanquished villain, but was to be accepted on a footing of equality, and that the reign of mutuality had begun in Europe. French hegemony, though real enough, began to fall into the background of high politics, more especially as British sympathy clearly lay with Germany rather than with France after the Ruhr episode. While, at the outset of the period, the Dominions

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re-emphasised their isolationism by refusing to sign or be bound by the Locarno guarantee pact, Great Britain herself had thereby acknowledged in practical form her inevitable concern with the affairs of the Continent. The gap between the realist and idealist conceptions of the League did not seem now to yawn so widely as in its earlier days.

Though there were many difficulties and setbacks, this was indeed the happy youth of the League of Nations. Disarmament, it is true, made little constructive progress (except at the London Naval Conference), but at least among the common peoples of the world the hope of disarmament was strong; and among them many, it seemed, were ready to go much further in that direction than their leaders would take them. No major international crisis broke the calm. Italy, whose bellicose posturing had so alarmed her neighbours in the earlier period, muffled her sabre-rattling and spoke peaceably with the world. It was a time, too, of economic revival and prosperity, which the League itself helped to promote by its essays in financial reconstruction. To crown this era of trust in a future of peace and plenty, the Kellogg Pact, renouncing war as an instrument of national policy, was signed in 1928 by every great nation in the world. That consummation, however, could not have been brought to pass had not Germany already been restored to the comity of nations, and had not European relations already been based in growing measure upon the principle of peaceful adjudication and mutual aid. Thus the Peace Pact itself was the fruit of Geneva achievement as well as of American idealism.

Why did this structure break down, and hope give way to despair in the dark years after 1931? There were many contributory and connected causes. One great member of the League having disregarded the principles and treaties to which she had freely subscribed, the impotence of the League outside Europe became painfully manifest. Japan's defection became an additional excuse for the procrastination over disarmament, which, on top

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of the internal upheaval in Germany, brought about the latter's resignation. A third cause of trouble was the failure to solve the financial and economic problems arising out of the war. What part the world economic depression played in causing or aggravating the political difficulties it is hard to assess, but it is certainly not altogether a coincidence that the troubles of the League thickened as the economic slump grew deeper, and that with the first signs of recovery a new orientation is apparent in international affairs, and a new era of the League's history seems to have begun.

II. THE NEW EUROPE

THE defection of Germany, following upon that of Japan, marked, perhaps, the nadir of the League's fortunes. These very troubles induced a favourable reaction in other directions. The growing menace of Japan on one flank and Germany on the other helped to bring Russia to Geneva. Her admission at the fifteenth Assembly is the most important forward step in the history of the League since the entry of Germany in 1927. It does not, of course, outweigh the loss of both Japan and Germany; nor can it compensate for the deflation of the League's popular prestige after the Manchuria affair. It does little or nothing to break the disarmament impasse. But happily there are other favourable features in the League's position to mitigate the pessimism that we would otherwise be compelled to assume.

Just as the darkening clouds to east and west hastened Russia's decision, so the difficulties of the Disarmament Conference inspired the most definite official acknowledgment yet made by the United States that she must play her due part in the collective system of maintaining peace.* Can we claim, in the result, that the United States is in closer and more permanent co-operation with the League

* See the speech by Mr. Norman Davis at Geneva on May 22, 1933, quoted in *THE ROUND TABLE*, No. 96, September, 1934, p. 709.

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than before? Her membership of the International Labour Organisation is, of course, all to the good. Mr. Norman Davis's statement, negative as it was, went far towards scotching the ancient bogey of the freedom of the seas in the event of a League war. Through the mouths of Mr. Davis and Mr. Stimson the United States has publicly abjured her potential claim to the strict rights of neutrality whenever the Kellogg Pact is violated. She reserves to herself, it is true, the prerogative of deciding who is the aggressor (that is, of endorsing or rejecting the decision of the League) and of making up her own mind what coercive measures are necessary. But do not we make, in practice, the same reservations? The Dominions, at least, regard themselves as no more automatically pledged to hostilities than does the United States, though their appreciation of their positive international duties is fuller than hers.

The American Government and people are preoccupied to-day with their internal problems, and are more than ever reluctant to commit themselves to foreign entanglement. Their isolationism is enhanced by the clamour of European dissidence that meets their suspicious ears. Europe, it grows plainer every day, must settle her own security problem upon lines of mutual assistance before she can count upon the effective guarantees of the British Commonwealth, let alone those of the United States. Neither we nor they will fight just for someone else's frontiers. We may fight for a pacific ideal, for a system of maintaining world peace that has secured our allegiance, but not for the mere preservation of treaty conditions, some of which are of doubtful worth. For the more particular and local details of security Europe must devise her own system of mutual guarantees and pacts of non-aggression. If on such a basis the disarmament of the heavily armed Powers can be begun, then and only then will the English-speaking nations be found willing to give, and if need be to carry out, pledges that they now rightly withhold from an armed camp.

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The material for a European security system has changed almost out of recognition in the last two years. This alone would justify speaking of a new League of Nations. In almost every instance the source of the changes in international relations can be traced to the Nazi revolution. Austria, who in 1929 had to be restrained by legal process from economic *Anschluss* with Germany, and even in 1932 had to be financially tempted to reaffirm her intention of maintaining her own independence, now resists with the blood of her people, though not at the point of actual war, the absorptive ambitions of the third Reich. The aftermath of the Dollfuss assassination showed Germany that the Powers meant business by their pledges to support Austria's independence. Italy, once attracted to Germany by their common antipathy towards France and their complementary interests in south-eastern Europe, and later by the fraternity of two dictatorships, now finds in the threat to Austria a grave and continuing obstacle to alliance with the Reich of Herr Hitler.

If, as a result of the Italo-German breach, Italy and France were to bury the hatchet, the peace of Europe would be inestimably strengthened; for the rivalry between the two great Latin Powers spreads far beyond their direct relations with one another. It has hitherto obstructed the permanent pacification of central Europe and the Balkans, where almost every country could count on one or other as its patron, and adopt a correspondingly intransigent attitude towards its neighbours of the opposite group. As a recent writer in *THE ROUND TABLE* put it,

The Balkan problem was never as great a danger to Europe as the European problem has been to the Balkans.*

The improved relations between France and Italy, the common reaction to the Nazi menace, the progressive policies of Turkey and Russia, and the spontaneous efforts of the countries concerned to secure by diplomacy what

* See *THE ROUND TABLE*, No. 93, December, 1933, p. 75.

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reliance on force endangered rather than protected, have worked a remarkable improvement in the relations between the countries of central and south-eastern Europe. A separate article would be needed to detail the progress of the Græco-Turkish pact, the Balkan pact, and the Litvinov protocols between the U.S.S.R. and her western neighbours. As far as Franco-Italian relations are concerned, Jugo-Slavia is the key, since she is the particular ward of France and the natural rival of Italy across the narrow Adriatic. The abominable assassination of King Alexander has made it peculiarly hazardous to forecast the future of his country. The internal Jugo-Slav conflict projects immediately into foreign affairs ; for the dissatisfied elements naturally use as bases for subversive plans those neighbouring States whose unfriendly outlook upon Jugo-Slavia encourages a lenient treatment of her political refugees ; and thus her relations with Italy and Hungary have been continually fed with poison. On the Regents at Belgrade, therefore, hangs as heavy a responsibility for the fate of Europe as upon Signor Mussolini and the statesmen of France.

More definite, if not eventually more important, than the changes in *haute politique* on the Danube and in the south-east has been the shift in national alignments in northern and central Europe. Only a couple of years ago the bloc of France, Poland and the Little Entente Powers seemed indissolubly united. The only apparent rift was the growing reluctance of the common folk of France (as shown especially in the general elections that returned M. Herriot to power) to guarantee to the latter the indefensible territory and privileges of distant Poland. The Franco-Italian rivalry helped to cement the pro-French bloc, but still more important was common opposition to Germany and to her contingent allies in a war against the peace treaties, Austria and Hungary. Russia had definitely to be described as an antagonist of the French bloc ; for not only did she menace the eastern frontiers of Roumania

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and Poland, but she was on friendly terms with Germany and could be expected, if ever there were another war with the central Powers, to seize the opportunity of feathering her own nest at the expense of Germany's enemies.

By a succession of events the scene has now been entirely changed. Bloody from the fight against communism in Germany, the Nazi régime was openly hostile to Soviet Russia. Herr Hitler, anxious to free his hands for internal tasks and for the pursuit of a strong foreign policy towards the heavily armed western Powers, made his peace with Poland by signing a ten years' non-aggression pact. General Pilsudski, it seems, had simultaneously determined upon a new policy of international insurance for Poland. Pent between two such formidable Powers as Germany and Russia, she would be placed in grave peril by a European war, despite her French alliance. So long as Germany was weak and disarmed all was well, but with Nazi Germany fast rearming Poland made haste to put herself on friendly terms with the Reich, so as to be able to face Russia and Lithuania with comparative security. Poland's defection from the French bloc is unconcealed. She quashed M. Barthou's Eastern Locarno plan, and she openly flouted French policy at the League Assembly.

France, meanwhile, has also reorganised her security system by taking advantage of Russia's quest for western allies. The Soviet Union, faced with imminent threats in the East, was anxious to make friends with her western neighbours. The Litvinov non-aggression pacts were followed in natural sequence by the entente with France and the entry of Russia into the League of Nations. The U.S.S.R. has thus acknowledged herself, rather than the enemy of all, a part of the European security system. But Russia is much more than a European chessman. She is an Asiatic Power too, a neighbour of China and Japan, with a frontage on the Pacific. Her reconciliation with the United States was no less important than her subscription

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to the Barthou plan for eastern European security. Russia is part of the world security system. Though without a substantial navy, she is an element in the oceanic power complex; for she threatens the landward flank of Japan, who must therefore always take her into account in her political and defensive policies.

The entry of Russia thus fortifies the League as an instrument both of European security and of a world-wide collective system. But the possibilities of degeneration are no less than the opportunities of progress. In Europe, with Germany out of the League, with the attitude of Poland uncertain and that of Italy openly sceptical, and with Russia's intentions still suspect, the League might all too easily develop as the engine of the new French system, just as it was once very largely the engine of the old one. Nothing can prevent such a development, indeed, save the honest intention of European statesmen to base their foreign policies on the League and on the principle of mutuality that the Covenant embodies. Sir John Simon rightly insisted that this should be the condition of British support for the Eastern Locarno, and any attempt to substitute for that abortive plan a limited association directed against excluded Powers would be wholly disastrous.

Outside as well as within Europe, opportunities are matched by dangers. If Japan chooses a career of selfish national aggrandisement, the group opposing such a course must be as strong and united as possible; but fundamentally the more important task is to win Japan from chauvinism and to establish a Pacific security system with her as a partner rather than as the potential enemy. Though the Pacific security system must be subordinate to League principles, Geneva cannot—especially in the absence of Japan and the United States—spontaneously solve the Pacific problem. It is the same story in Latin America. The League could stop the miserable war between Bolivia and Paraguay at once if two conditions were fulfilled: if

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the great Powers were loyally to co-operate in preventive measures, and if the South American countries themselves were to sit down together and honestly try to thrash out a solution of a problem that is theirs, not Europe's. The damage done to the League's prestige by the protraction of that war has prompted some critics to urge the formation of a separate Pan-American League on the lines of Geneva. But if such a Pan-American body could stop the Gran Chaco war, then the League could stop it to-day; for precisely the same conditions would have to be fulfilled, and, in addition, the non-American Powers would have to be separately canvassed. Japan's invasion of Manchuria violated the Nine-Power Treaty more decisively than the Covenant itself; yet it was the League, not a separate concert of Pacific Powers, that was called upon to exert its authority, however late and however vainly. Had the Pacific Powers been willing to arrest Japan's aggression, the League machinery was there to be used. The League is the necessary counterpart, not the alternative, of more limited systems of international security.

III. THE COMMONWEALTH AND THE LEAGUE

IF the League were but an instrument of European security, the nations of the British Commonwealth could not call themselves loyal signatories of the Covenant. Great Britain is indeed a European Power, a near neighbour of the great rival States into whose conflicts she seems fated to be drawn by the exigencies of her position on the Channel. In the Locarno pact she has expressed with all the emphasis of military guarantees her interest in maintaining the treaty position between those two great neighbours. But she has made equally plain to the world—never more decisively than in her comments upon the Barthou plan—that she will not otherwise take part in a regional scheme of security in Europe, nor become an

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element in a European balance of power. Her membership of the League, as far as Europe is concerned, means this ; every security arrangement that conforms to the spirit and the letter of the Covenant can count on the overriding endorsement of Great Britain and all other League members, based on their recognition that war anywhere may mean, sooner or later, war at their own doors, and that the greatest interest of all is international justice.

The other members of the British Commonwealth adopt the same fundamental attitude. While they have no such direct concern with European frontiers as Great Britain has, they add to their wider loyalty towards the collective system a special loyalty among themselves. When the League of Nations was first set up, it stood in their minds for an ideal of perpetual peace. They, more than anyone, repudiated the conception of the League as an instrument for securing victory to the right side in the next war. As they plainly declared in the Chanak crisis, they were through with war. Perceiving that, in Europe at least, facts were against this ideal of the League as for ever preventing war, Canada became apprehensive and sought to amend Article 10 so as to restrict sanctions to a regional basis. In general, however, the people of the Dominions had rolled up the map of Europe, and gave little consistent thought to problems of foreign affairs.

With the development of what we have called the second League this attitude was slowly modified. The admission of Germany and the improvement of European relations allayed some of the Dominions' fears. This, moreover, was the period in which their external autonomy was finally recognised in constitutional formulæ and applied in administrative practice. Departments of external affairs, diplomatic missions abroad and permanent representatives in Geneva, liaison officers and other machinery for the conduct of foreign policy, all helped to educate the Dominions in international affairs. Their interest in European problems became more critical, and they supported the

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League all the more readily in that it offered them a forum for making their opinions known and felt in the world at large. But they did not think of war as imminent, or of the League as likely to require their military aid in the near future.

The time of troubles from 1931 onwards shook this apparatus of thought to its roots. The hot breath of war seemed to be upon every nation's shoulder. The Dominions, who had previously regarded war as mainly a European possibility, saw it now as the wolf at their own door. The League having apparently broken down, they, like most other countries, began to look more carefully to their national and imperial defences. On the other hand, they realised more keenly than ever before that the prevention of war needed a world-wide effort, which must take the form of a covenant of mutual assistance; and that the effort, whether through the existing League or another, might eventually require of them a war against war.

It is against this background of policy and ideals that the Dominions, and the British Commonwealth as a whole, look upon the nascent third League of Nations. We have the keys of peace in our hands. The security of the western world may turn upon the British nations' saying with a single voice: "Pledge ourselves to automatic guarantees we will not, but if any country persists in a policy of selfish and truculent nationalism it can be certain that our whole weight will be thrown against it in any resultant war." But if such a declaration is to have the effect that we desire, the nations of the British Commonwealth must be unanimous and united behind it.

Undoubtedly the Dominions take to-day a more realistic view of their potential obligations under the Covenant than they took a few years back. Far from weakening the Commonwealth bond, this deeper recognition of international responsibility has drawn the British nations closer together in the conduct of their foreign policy. Suspicion of British entanglement in Europe has diminished. The

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problem of imperial defence is related more clearly than before, in Dominion eyes, to the duties of the Commonwealth in the preservation, not merely of our own rights and possessions, but of international justice and peace. The British peoples are united in their pacific ideals, in their belief that those ideals can only be achieved through a League of Nations, and in their refusal to form part—under cloak of the League or otherwise—of a balance of power. These fundamental tenets are shared by other countries, most notably by the Scandinavian group, whose influence at Geneva, when men like Branting and Nansen spoke on their behalf, was so wise and powerful in guiding the earlier destinies of the League. With such comrades, the British Commonwealth can determine, if it seizes its opportunities courageously, whether the third League of Nations will grow towards our ideals of world peace, or lapse into a mart of privilege and power.

INDIAN POLITICS BEFORE THE REFORMS

I. CONGRESS AND THE ASSEMBLY ELECTIONS

BY the time this article is read the membership of the new Assembly will be known. The election is being fought, not with regard to any present functions or responsibilities of the Assembly, but on the general topic of constitutional reform and the future. The issues, according to Mr. Satyamurti, Secretary of the Congress Parliamentary Board, are "rejection of the White Paper, repeal of the repressive laws, and the convening of a constituent assembly to settle communal and other controversial matters." Among the notabilities already elected (in the absence of opposition) are the State prisoner Mr. S. C. Bose, Mr. M. A. Jinnah, Mr. Bhagawan Das and Sir Abdur Rahim. Especially keen and even acrid contests are proceeding in Madras city, where Diwan Bahadur A. Ramaswami Mudaliar, the Round Table Conference delegate, is opposed by Mr. Satyamurti, and in the Madras commerce constituency, where the Congress have put up another Chetty as the opponent of the President of the late Assembly, Sir R. K. Shanmukham Chetty; this was a shrewd move, for in this constituency membership of the great commercial caste of south India could not fail to be an important asset in a candidate. Congress have scored some successes already through unopposed nominations, and seem certain to be strongly represented in the new House. Whether they will have a majority is difficult to predict, but so far as general constitutional matters are concerned the Congress view is likely to prevail.

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It is otherwise where the Communal Decision is concerned. Incidentally it is in some respects unfortunate that this famous document should have been so generally referred to as an award. It did not profess to be an award but was, as its proper title implies, a third-party decision which was essential if constitutional progress was to be achieved. Misconceptions arising from the term "award" have been widely evident in India.

At the meetings held during the summer, it was decided that no Swaraj party as such should be formed to fight elections on behalf of Congress, but that this should be done through a Congress Parliamentary Board, with Dr. Ansari as president. Pandit Malaviya and he were appointed to choose the personnel of the Board. The most remarkable feature of these resolutions was that they contained no reference whatever to the policy of the Congress with regard to the Communal Decision or the White Paper. At once the suspicions of the Hindu Mahasabha were aroused. This body has never concealed its opposition to the Communal Decision, particularly to the allocation of seats in the Punjab and Bengal, and the omission of any mention of this topic in so important a pronouncement by the leading political party of India could hardly escape comment. Even at that early date the threat was voiced to run distinct Mahasabha candidates. These criticisms evoked from Pandit Malaviya a definition of the Parliamentary Board's attitude towards the Communal Decision.

The Congress would not accept—even for a short period—the Communal Award, and its policy was to advocate a scheme of communal representation based on joint electorates with reservation of seats for minorities on a population basis, with a right to contest further seats.

This pronouncement in turn agitated the Nationalist Muslims, who held that if the Congress policy was to reject the Decision, then no accession of orthodox Muslim votes could be expected to Congress or to its allies, the Nationalist Muslims. Members of this group and others published

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counter-statements maintaining that the Decision was binding on the Congress, on the ground that Pandit Malaviya himself was among the signatories of the manifesto to the Prime Minister that produced it ; these objectors took up in effect the attitude embodied in the Decision itself, namely, that it should hold till the communities concerned were themselves able to devise an agreed alternative.

Tempers and suspicions had alike been roused by the time the Parliamentary Board held its first meeting in mid-June, and differences of opinion arose at once over the form of resolution on the Decision. Pandit Malaviya and his adherents strongly favoured rejection, pointing out that otherwise Congress would lose many votes to the Mahasabha. The Nationalist Muslims, on the other hand, declared that if this line of action were adopted Congress would lose what Muslim support it had without being able to affect the Decision. The outcome on June 18 was an extremely non-committal resolution of the Working Committee of Congress, declaring that in view of differences of opinion among the various communities "the Congress could neither accept nor reject the Communal Award so long as this division of opinion lasts"; representation of minorities in the legislatures was left to be determined by a "constituent assembly" elected on the basis of adult suffrage. It would be the function of this body to draw up an alternative scheme, and "with the rejection of the White Paper the Communal Award would also lapse automatically." The Committee did not indicate who would convene the constituent assembly or how this would be done, and the general interpretation of the resolution was that it had been made deliberately unprecise in order to avoid provoking Muslim resentment. An interesting rumour, never contradicted, had it that Dr. Ansari threatened to resign from the presidency of the Board should it adopt any attitude towards the Communal Decision other than that taken up by the Nationalist Muslims and himself.

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One early consequence of this *contretemps* was the formation by Pandit Malaviya and Mr. Aney of a distinct Nationalist party to fight the elections on the basis of rejection of the Communal Decision. It was announced at first that this party would be open to "Indians of all castes and creeds"; this widening of scope was welcomed by various Hindu groups, and it seemed that by attracting support from non-Congress as well as Congress elements the new party might prove stronger than its parent. Probably because of some such fear, Congress pressure was brought to bear on the Pandit, who—not for the first time in his long career—changed his course and missed an opportunity. Membership of the new party was restricted after all to Congressmen, and the party itself was defined as merely a wing of Congress. Thereupon the Mahasabha decided to run its own candidates on an anti-Decision ticket.

As time goes on the communal issue becomes more, instead of less, prominent. On the solid matter of the Communal Decision the various party opinions are slowly crystallising. The Congress Working Committee resolution on this head has been very widely condemned. "You cannot reject the Communal Award by merely shouting at it," declared Mr. Satyamurti. This is eminently true, but his claim that the Congress attitude offered the only alternative has been received with some scepticism, not least in Congress circles. The Nationalists and the Mahasabha prefer to go on shouting. The Congress resolution chose the other path, probably in the hope that if the communal issue could be kept in the background till the elections were over the main purpose would be served, namely to secure the return of Congress nominees or allies in sufficient numbers to the Assembly. Once in the Assembly such a body would, it was hoped, be able to call the tune.

The resolution cannot be condemned offhand as a mere shirking of an obvious issue; for it might be held to

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illustrate a characteristic subtlety and an appreciation of the main purpose and of the tactics required to secure it. The ingenuous Pandit Malaviya and the communal Mahasabha have upset this scheme to some extent, but not altogether, and the avoidance of a complete rupture with general Mahomedan opinion will be of value to Congress candidates. As often happens in Indian politics, a clever design has been prejudiced by fatuous exposition ; certainly some of the so-called arguments put forward in support of the Congress attitude were inept beyond words. The defence by Mr. Satyamurti, however, was an able piece of work. Any treatment of the Communal Decision apart from the White Paper means walking on a very slender tightrope, but he came near to success in his declaration that

in practically agreeing to submit to the Award for the present and till it can be replaced by an agreed settlement or a decision of the constituent assembly—for this is the interpretation put upon it by all Hindus—the Congress has done nothing but what the Hindus must be prepared to do. . . . This position puts the Muslims on their honour. The vast majority of them believe to-day that they have got something very valuable under the Award. . . . They are now assured that they will not lose those gains . . . unless opinion develops strongly enough to get rid of the White Paper, with the lapse of which the Communal Award will lapse, or unless there is an agreed settlement.

In effect this statement accepts the Communal Decision *faute de mieux* ; and although the speaker went on to discuss the constituent assembly as if it were the main plank in the Congress platform, this part of the scheme is probably little more than a cover for the Congress retreat. It is at least significant that the President's speech at the opening of the Congress session made no reference to it, while it has come in for much destructive criticism and ridicule in the press, notably in the *Leader* (Allahabad) and the *Amrita Bazar Patrika* (Calcutta).

It is important to bear in mind the conditions governing this electoral contest. In Great Britain the Government

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of the day definitely fights an election ; it possesses press organs and publicity staffs, and places its point of view with vigour before the country. With us, on the other hand, the Government does not fight the election. It possesses no body of devotees to man the hustings for it, no coteries of ambitious young men hoping for political office. Thus the odds are always in favour of any organised opposition ; for in India more than in most countries a positive will outbid a negative, and to be on the offensive is more than half the battle. This illustrates one of the more unfortunate aspects of our present system of government by irremovable executive and irresponsible legislature, namely, that while the former does not have to plead with the electorate, the latter never has to bear the responsibility for operative decisions. Hence Congress will probably return a substantial number of members to the Assembly. On the other hand, again because of the lack of ultimate reality in the position of a member of the Legislative Assembly, parties once elected tend to develop fissures. Only the presence of a leader of the first rank will prevent the emergence of various others, to whom leadership of a little band of two or three is preferable to a common submission to an acknowledged chief.

These facts arouse some speculation on the possibilities of electioneering in the future. Representative government in its true sense requires a high standard in the electorate ; a substantial proportion, though not necessarily a majority, should have devoted enough thought and reflection to the issues involved to affect the nomination as well as the final choice of representatives, and to inform with its understanding the resulting executive government. Even in Great Britain, facts sometimes err widely from this theoretical perfection, and the excessive power of the mere machine is plain ; in some other countries the machine in one form or another is supreme. How will India fare ? On the one hand, there is the proneness of Indian social life to faction, which in its way is a reflection of individuality ;

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for the factions arise not so much from fundamental points of dispute as from the personal jealousies of rivals. On the other, however, there is the striking mass loyalty of which Indians are capable when they find a leader who can touch their imagination. Again the emphasis is rather on the leader than the cause, for India will always prefer the man to the thing. In such conditions the Indian electorate would offer a heaven-sent field for the political caucus. The Congress even now illustrates this, as Mr. Gandhi's criticisms and suggested amendments testify.

The more theoretically perfect a system of voting, the more intricate it is, and the more, therefore, does it lend itself to manipulation by party caucuses. India is by no means unaware of this, and many a local election has seen skilful use made, for instance, of the cumulative vote to produce the maximum party result. The Chamberlain gospel of last century did not pass unobserved in this country, and the combination of a numerous and illiterate or at least ill-educated electorate with any complicated voting system is bound to offer a wide opportunity for the organisation as distinct from the cause.

II. THE MAHATMA TAKES LEAVE

MR. GANDHI'S present position might well be offered as a challenge to Juliet, for in his name there still resides a magic that no other in India can command. The reason has already been suggested in these pages: Mr. Gandhi is the only Congress leader with a genuine all-India appeal. Even those who chafe most under his leadership realise this, and some of the irritation detectable in Congress criticism may be due to the resentment so often aroused by the realisation of another's error and at the same time of one's own impotence. It is of the utmost importance to Congress to maintain its claim to be the single voice of political India. This claim

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is open to serious challenge even now, but Mr. Gandhi's departure seems certain to weaken it still further; its collapse came near enough in any case when the Nationalist party revolted against the equivocation on the Communal Decision. Rabindranath Tagore has proclaimed that despite a "very definite" disagreement with Mr. Gandhi on some basic ideas "it is he and he alone who has vitalised India's political life. . . . His premature retirement at this critical juncture would be nothing short of a national calamity." This expression of disagreement with particular Gandhian policies and at the same time of a conviction that his leadership is vitally necessary has been echoed in many quarters.

On October 16, however, Mr. Gandhi seemed to close this issue by announcing his intention to retire from Congress after its meeting at the end of the month. His frank statement of reasons has a psychological as well as a political interest. Mr. Gandhi is not the ordinary politician by any means; votes alone are not enough. His motto might be expressed as: "It's your hearts I want." Not perceiving any sign of heartfelt Congress belief in the *khadi* franchise and spinning qualifications that he had advocated, he preferred to step down. Few dictators would, or could, act thus. But as dictator also the Mahatma is *sui generis*. He took advantage of his announcement to comment in outspoken terms on various defects in Congress methods and organisation. He stressed in particular the need for a return to genuine regional representation based on genuine membership, and the elimination of what he termed "bogus delegates." In making these proposals and criticisms he was carrying on a policy of plain-speaking initiated some time ago. Of recent months Mr. Gandhi has come in for a good deal of criticism at Congress hands, and his present exposition of Congress defects has its piquant side. No one, perhaps, but Mr. Gandhi would have ventured thus to proclaim to the world the defects of a very jealous and self-conscious organisation, and although the better organs have admitted the justice and timeliness

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of the Mahatma's comments, there has been evident also a tendency to resent his appearance in this final rôle of candid friend.

Mr. Gandhi's retirement from Congress is not, however, to mean a removal from the effort and conflict of his former life into a region of contemplation or calm. He declares that he will devote his activities to forming and furthering an all-India Village Industries Association, as a more or less autonomous unit of Congress activity on the lines of the Spinning Association already in existence. He intends, apparently, to tour actively in connection with this venture, and he will clearly use his popular appeal to the utmost to further its ends. There are not wanting critics who say that in this, as in other cases, the Mahatma is showing the guile of the old and experienced warrior, he is, they say, retreating from a poor position in order later to come in again with redoubled authority at a suitable moment. It is true that Mr. Gandhi touring the country, erecting these associations and enlisting congressmen to work them, will with difficulty be distinguished, in the simple village mind, from Congress in its general sense. He has proclaimed that he will be at the service of the Congress for whatever advice or assistance he can render, and there are indications that these will be freely sought.

It may be doubted whether it is psychologically possible for Mr. Gandhi to retire in any real sense of the term. If it could be prophesied with certainty of any man that he would die in harness it might be of the Mahatma. He seems compelled by some inward urge to a constant physical and mental activity, preferably in the form of direction of others. The position of a nominal political leader *vis-à-vis* so powerful and so long acknowledged a personality as Mr. Gandhi's would not be easy, and a not unlikely outcome would be that Mr. Gandhi would exercise indirectly no less influence than he has hitherto exercised as the admitted leader of Congress. Some are inclined to write him off as an ingenuous idealist; this view is superficial

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and inaccurate. Idealist he is, and ingenuousness is not absent from his composition, but the two qualities by themselves remain a very inadequate description of a puzzling idiosyncrasy. The Mahatma can observe accurately and reason closely, but not all his political conclusions are the result of observation and reasoning. Some are "felt" rather than excogitated, and argument and justification follow instead of preceding decision. In him we can see the hereditary acumen of his merchant caste, shot through but never eclipsed by strange reflections of a mystic other-world.

III. THE RE-MAKING OF POLITICS

THE meeting of Congress at Bombay this month is the first since Karachi in 1931, and almost the jubilee of a body which has had a more chequered history than any political organisation of comparable age. Elaborate preparations were made to create a city within a city, and the papers have been full of the special amenities to be provided in Abdul Gaffar Nagar, as the Congress township is termed. In any case, this meeting would have been of the utmost importance as a pointer to the likely attitude of Congress and Nationalist candidates and voters for the Assembly, and to future Hindu-Muslim relations ; but with the announcement of Mr. Gandhi's intention to retire from leadership it has taken on added importance. If an Elisha is to be forthcoming to his Elijah, the succession ought to be apparent or at least indicated now, if Congress is to retain the singleness of appeal and direction it has hitherto looked upon as essential.

It cannot be said that there is as yet in sight anyone obviously indicated as the Mahatma's successor. It is a question, not of electing a Congress president by a majority vote, but of finding someone who can be generally regarded and accepted as its leader and voice. There are many before the public eye, but none with more than a regional

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or sectional appeal. Pandit Malaviya is a man respected and liked on all hands, but he could never fill this bill. He is, despite his advanced age, full of enthusiasms and activities. He might be termed Congress's most prolific builder of bridges in the political sphere, but few of his bridges have had a long life. The recent fiasco over his candidature for the Allahabad-Jhansi constituency, where his nomination was disallowed owing to the absence of his name from the electoral roll, was in a way characteristic of the Pandit, and a good many shoulders were shrugged at the lack of practical sense and forethought that the omission displayed. Jawaharlal Nehru is in some ways a name to conjure with in Congress circles in India, but it is difficult to avoid the impression that for not a few Congressmen he is rather a liability than an asset. His very advanced views are looked upon with suspicion and fear by the strong propertied and professional element in the Congress. In any case he could never exercise the compelling charm of a Gandhi. Rajendra Prasad, the Congress President of the moment, is a man of capacity and power whose influence in the Congress world will probably steadily increase. He is, however, no spellbinder and will never sway millions. S. C. Bose has the glamour attaching to a State prisoner but not very much else. Mr. Satyamurti is an able and fluent debater but will never command general liking. Among Muslims the elusive personality of Mr. Jinnah is prominent. He has been already elected unopposed to the Assembly, and if he takes his parliamentary duties seriously he should play a prominent part in its activities, for his talents are peculiarly suited to the destructive criticism of a front Opposition bench. The choice of a suitable Muslim as leader would help Congress and the Nationalist parties generally in their effort to retain the wider appeal by which they set such store. It is unlikely, however, that in present circumstances the Hindu element would agree, and the suitable Muslim has yet to appear.

The Re-making of Politics

Among recent portents which may acquire an increased prominence as a result of this session of Congress is the development of the Socialist party. This in years, or rather months, is a young affair, but it has come to stay. While it owes much to the impetuous advocacy of advanced doctrines by the rather doctrinaire Jawaharlal Nehru, it is now well established as a distinct entity, though so far under the Congress wing. How long it will remain even nominally a part of Congress is another matter. Some of its leaders have already seen fit to attack with vehemence such prominent Congressmen as Vallabhai Patel for lack of respect to the Socialist movement. It was perhaps significant of their attitude towards the present Congress scheme that their denunciation of the Sardar took the form of an intimation that the Socialist party wanted no "would-be Hitlers."

It may seem strange that India should have taken so long to develop a class-conscious Labour or Socialist party. One explanation is to be found in a circumstance that has evoked much of the more favourable comment of those who have examined India's industrial position, namely, the great extent to which Indian labour retains its connection with the villages and village life. In other words, a genuine proletariat, in the sense of an industrial labour force divorced from any rural basis, has hitherto been an element inconsiderable and of slow growth. There are indications that it will soon be no longer inconsiderable and that its growth is being accelerated; certainly if India's population is to go on increasing at the rate of 10 per cent. per decade the advent of a powerful class-conscious Labour movement can only be a matter of a few years.

Can this growing Socialist party remain within the embrace of Congress? The answer seems certainly no, unless the Congress, in its pursuit of catholicity, is to give up practically all attempt to remain a conscious and unified party. At present the Socialist aim is the infiltration and ultimate capture of Congress and its machine,

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rather than the erection of autonomous Socialist parties. This cuckoo strategy indicates a certain subtlety and grasp of realities, which incline the observer to wonder who inspired it; to judge from their utterances and actions there seems little reason to give any of the present Socialist leaders the credit. However that may be, Congress has taken a curious nursing to its bosom and will probably one day regret its hospitality. The Socialist party has yet to throw up any leader of capacity or general acceptability, and arguments and programme have so far been alike crude and unformed. On the political side the tendency is to outcry the Congress, but in other directions the movement may take as its first target the capitalist and landed interests that have tended to dominate Indian policy, and have been so powerful hitherto in the Congress itself.

The Mahatma's departure from Congress marks the end of an epoch. His feel on the Congress pulse has never been surer; for while affection, admiration and even awe still inform the average Congressman's attitude towards him, there is no longer the unqualified acceptance of his views or even the disposition to prefer acceptance of these views to severance from the Mahatma's leadership. Mr. Gandhi, in fact, has chosen his moment of exit well, and he leaves Congress with considerable dignity and, one might say, with all the honours. He has held together under the Congress banner a heterogeneous association of personalities, motives and interests. It is unlikely that anyone else will achieve this *tour de force*. The different and even conflicting interests that so far have been able to march more or less in step in the Congress ranks will probably diverge at no distant date, taking their own path and seeking their own ends. In other words, the steady approach of the reforms is exercising its disruptive effect on the Congress, rather as a powerful magnet operates on the heterogeneous bodies brought within its range. Commercial and political ambitions conceived on modern lines are being extracted from the Congress amalgam by

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the reforms magnet, which is now so close at hand. And thus Mr. Gandhi's departure from Congress takes its place as a symptom rather than an isolated event.

The decision of the Justice party in Madras to admit Brahmins to its membership is another symptom. It is an interesting sign that this Madras party, which in its origins may be not unfairly described as anti-Brahmin rather than non-Brahmin, should have gone the full course and admitted the one-time feared and suspect Brahmin to its numbers. Whether many of that caste will, in fact, join is an open question; but the change in principle is evident enough and might be termed another indication of the trend towards reality in Indian party formations; it may be that in this politically most advanced Indian province something in the nature of a genuine Liberal or Radical party is in process of formation.

Taking a long view, it might be said that the confusion and clamour of the present political scene are really the outward indications of the birth pangs of something approaching genuine parties in India. Whether the resulting organisms be viable or stillborn, some kind of parturition is unmistakably in progress.

The reforms and their attendant circumstances, such as the Communal Decision, are playing the part of the "steel glass" which in the legend showed the truth as distinct from the illusory reflection. So long as opposition and aspiration were matters merely of rhetoric, the Congress platform could contain many and various planks. Now that realities come steadily closer, some of these planks will have to be removed if the platform is to stand the strains imposed upon it.

India.

October 29, 1934.

GREAT BRITAIN: POLITICS AND ECONOMICS

I. LABOUR SUCCESSES

IT has been an uneventful quarter in the realm of politics. Parliament has been on vacation for the greater part of the time; the report of the India Joint Select Committee has been in the final and most secret throes of gestation; even the ravaging Sir Oswald Mosley has done little more than keep alive the public interest in British fascism. There has been no repetition of the mass violence of the notorious Olympia meeting,* though various cases of rough play in which blackshirts were involved have come before the police courts. It is, perhaps, significant of the British attitude towards dictatorship that a number of fascist members were reported to have resigned from the party because headquarters were too insistent on their own way and would not let local supporters think for themselves. Great public interest and even apprehension were aroused by a grand fascist rally held in Hyde Park on September 9. The official Labour organ urged its readers to stay away, lest the anti-fascist cause be discredited by broils and violence; the left wing organisations, however, defiantly arranged a counter-procession and platform. Six thousand police were mustered in and about the park, but as they outnumbered the blackshirts by more than two to one, and the counter-demonstrators by an even higher proportion, the great concourse of interested outsiders saw little but the backs of

* See THE ROUND TABLE, No. 96, September 1934, p. 857.

Labour Successes

the cordon of policemen. Much more penetrating than either speeches or songs or catcalls was the drone of the police auto-gyro that hovered overhead. The whole affair was orderly, unexciting and more than a little ludicrous.

Meanwhile the cry of "fascism" continued to rally opposition to the Incitement to Disaffection Bill (the Sedition Bill).^{*} Protests against what is described as an assault upon liberty and upon the principles of English law have been many and well favoured; but while the Government accepted still more moderating amendments before the Report stage was over, they held to their main point that the Bill was necessary, and defended liberty by meeting the attack of anarchy. It obtained a third reading in the House of Commons on November 2, by 241 votes to 65. Sir Donald Somervell, the Solicitor-General, who has added greatly to his reputation by his conduct of the debates on the Bill in association with the Attorney-General, defended it with considerable cogency.

No inference (he said) could be drawn from the mere holding of a political opinion, however extreme, that the holder was a man intending to incite soldiers to disobey their orders. If that inference could be drawn it could only be drawn from evidence apart and wholly different from the political opinions which a man held. The necessity for supplementing the existing law arose from the fact that in recent years incitement had taken an organised and documentary form, and the Government could not accept the view that they should wait until a serious situation had arisen.

The necessity thus pleaded by the Government has been, it would seem, a politically unfortunate one for them. This is the kind of measure which, however sound, rallies no votes and may lose many. The Government can certainly find little cause for jubilation in recent electoral events. The Labour party won back seats at the only two bye-elections of the quarter, North Lambeth and Swindon. The former seat had been held by the late Mr. Frank Briant, a Liberal, whose personal popularity counted for more in the

^{*} See THE ROUND TABLE, No. 96, September 1934, p. 858.

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constituency than party allegiance. The Labour candidate, Mr. G. R. Strauss, who had sat for the constituency in 1929-31, was opposed at the by-election by a Liberal, by a National candidate of a Labour turn, and by an Independent who secured only a handful of votes. He received 11,000 votes, against 5,000 for the Liberal and 3,000 for the National Government man. At Swindon, Dr. Addison, who was Minister of Agriculture in the Labour Government of 1929-31, likewise won back the seat that he then held. In 1929 some 7,000 votes had been cast for a Liberal candidate; at this by-election, in the absence of a Liberal, the Labour vote was up by 4,000 on the 1929 figures and the Conservative vote by 3,500. As far as this evidence goes, the former Liberal vote to-day splits very evenly between the Government and the Opposition.

Even more encouraging to the Labour party than the by-elections were the triennial elections on November 1 to municipal councils throughout the country. In London, which already has a Labour county council, the party now controls 15 out of 28 boroughs—one more than in its former boom period of 1919-22. The Labour sweep spread over the greater part of the country, and several important municipal councils will be ruled by Labour majorities for the first time. In about 100 of the chief towns Labour's net gain was 195 seats, against net losses of 96 by the Conservative parties, 69 by the Independents and 30 by the Liberals. Every one of the Communist candidates who stood in various parts of the country was defeated. Another striking feature of the returns was the complete disappearance of the Progressive party (Liberal) in London, where it formerly held 56 seats, including the majority in one borough. Progress, it seems, is not progressive enough for a large number of voters in their present mood.

Party Conferences

II. PARTY CONFERENCES

THE aims of the self-titled "parties of progress" may be illumined by linking with Sir William Harcourt's famous aphorism, "We are all socialists now," the remark of a latter-day wit that "progress is getting to the same place, only faster." How fast, and by what route, we are to progress toward the modern utopia of a planned economy is perhaps the most fundamental issue of current politics. The diehards drag at the tailboard of the chariot of state, calling out for skidpans and locked wheels to check a career in which they descry a fearful, facile descent into perdition. The mass of Conservatives, grumbling at the jolts and fearful at the hazards of the journey, would prefer the caravan to rest, lest worse adventures befall them. Mr. Harold Macmillan, on this matter the acknowledged spokesman of the "young Tories," is eager to push on, steering the errant wheels, however, into the less perilous path of industrial self-government. The Liberal party approves the bit and bridle of sound finance and freedom of trade; but whither the steeds of present-day circumstance could be driven in this harness, from our actual stage on the path to socialism, the members of the party do not seem to have decided with complete unanimity.

The Labour party is no less divided than its rivals upon these questions of pace and itinerary. The greater number of its supporters, especially the trade union element, much prefer a steady trot to the furious driving into which a minority would goad them; meanwhile they seek gradually to oust the "capitalist classes" from the more comfortable seats in the conveyance, even though this re-disposition of the load may over-burden the horses and brake the advance. The Socialist League, headed by the egregious Sir Stafford Cripps, frets at such sluggish

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caution, and demands that the horses be whipped up, lest even with Labour at the reins the equipage gain too little momentum to top the steep mount of vested interest—political, financial and industrial—that guards the promised land. The Independent Labour party, impatient with the halting journey and sceptical about the ability of so laden and lumbering a cavalcade to ascend that steep incline, preaches progress *per saltum* ; the drayhorse of evolutionary advance must be replaced in the shafts by the Pegasus of bloodless revolution.

The I.L.P. is but a handful to-day, excommunicated from the official Labour faith ; and the heresy without is of less immediate political importance than the schism within the party. The popular fancy has been attracted by the match between the David of the Socialist League and the Goliath of the Labour party executive, though it was to the public relief that scriptural history was not repeated in this analogy ; for the incautious utterances of Sir Stafford Cripps had lent plausibility to the charge of fascist intentions—than which there is to-day no unholier sin in the decalogue of British democracy. The Labour party conference at Southport early in October decisively rejected the amendments to official policy put forward by the Socialist League. The latter, for instance, proposed that compensation to previous owners of a nationalised industry should take the form of terminable income allowances, without any provision for capital repayment, save in the case of working-class funds, trust funds for socially useful purposes, and individual cases of proven hardship. Against this, the executive recommended full compensation on the basis of “net reasonable maintainable value,” and they carried the day by 2,118,000 votes to 149,000. Mr. Morrison, defending the official policy, frankly declared his opportunism.

We have still (he said) to get the consent of the people, and it is perfectly legitimate to consider the electoral repercussions of any policy. We have got to state not only what we want but what

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we expect the country to accept. . . . Workers are more concerned about their little investments than are capitalists about theirs. . . . It is better to carry through these changes on the basis laid down by the executive than by putting the fear of confiscation into the hearts of thousands of people on whom we rely to give us control of the country.

An equally significant issue upon which the Socialist League was defeated was that of the management and control of nationalised industries. The League demanded, for the test case of iron and steel, organisation under a government department with a responsible Minister at the head. The executive, on the other hand, strongly backed by the trade unions, proposed the model of a public corporation which should be only indirectly under parliamentary control. Fabian socialism, by all appearances, has been "taken for a ride."

On the general attitude of Labour towards foreign policy the critical debate had taken place, not at Southport, but a month before at the Trades Union Congress at Weymouth. There, a spirited attempt was made to obtain the reconsideration of that section of the General Council's report which dealt with the use of the general strike in the event of war. The Council had firmly rejected this traditional socialist plan, declaring that

the responsibility for stopping war ought not to be placed upon the trade union movement alone. Every citizen who wants peace and every other section of the Labour movement must share the responsibility of any organised action that might be taken to prevent war. . . . Development of the collective system is the only policy that holds out any hope of producing a warless world, of preventing war by organising peace.

The Trades Union Congress having repudiated the general strike in favour of support for the collective system (which, of course, might involve a "League war"), the party conference naturally followed suit; the minority, however, on both occasions included the Miners Federation, which is committed to the principle of the general strike. Mr.

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Ernest Bevin, who is as much the great panjandrum of the trade union side as Mr. Morrison is of the political side of the party, declared at Southport that to support a League of Nations without being prepared to take action to help it in certain eventualities was like joining a union and refusing ever to strike—"a moral position that was indefensible."

While the Labour party was trouncing the Left, the Conservative party was having considerable difficulty in staving off the attack of the Right. The diehards, not without reason, claimed at the party conference a great success in their campaign against the White Paper policy for India. Sir Henry Page Croft moved a resolution declaring that "the partnership of Britain and India in the central government of the Indian Empire must not be dissolved," to which an official amendment was tabled asking for suspension of judgment until after the Joint Select Committee should have reported. The platform won the day only by the attenuated margin of 543 votes to 520. The proportion of votes mustered by the minority against what they describe as the gagging policy has steadily risen in the last eighteen months. A fair test, however, of the Conservative party's views on the India problem has yet to come. Not merely did no member of the Government speak against the diehard resolution at the party conference, but when, on the following day, Mr. Baldwin addressed the conference he made no reference to the India issue. This self-denial by the leaders may have been both honourable and, in the long run, sound strategy, but for the moment it heartened their critics and discouraged their supporters.

In view of the trend to the Right that seemed to be displayed at the Conservative conference, it was, perhaps, a little surprising that so much applause should have been given to a plea by Sir Edward Grigg—a former Liberal member and one of the earliest advocates of a National coalition—for an effort to retain the allegiance of those who

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had voted for the Government at the last election because it was "National," not because they were Conservatives. If it is true—and there is considerable evidence for the belief—that the electorate desires a bold programme of social reconstruction, then the aim of retaining the great "floating vote" does not seem to have been appreciably furthered by the proceedings of the party conference, which was not much occupied with such matters. Mr. Garvin, the editor of the *Observer*, as is natural in the biographer and disciple of Mr. Joseph Chamberlain, begs Conservatives to throw themselves with fervour into a campaign for the abolition of the slums, if they are to have a chance at the next election.

The latest plans of Sir Hilton Young, the Minister of Health, to end the scandal of overcrowding have been received with hope mingled with scepticism. He proposes to introduce legislation making it a legal offence to overcrowd a house in excess of a statutory standard; the defence that overcrowding dated from before the commencement of the Act would hold good only until reasonable alternative accommodation had been provided by local authorities. The latter would be called upon to discover by intensive survey the actual need for houses to remedy overcrowding, and to make up the deficiency with state assistance. This would take the form of an Exchequer subsidy for a term of years for each dwelling provided under the Act. Nothing less was contemplated, said the Minister, than the rebuilding on modern lines on a large scale of the bad cores of wage-earners' dwellings in the towns. How quickly local authorities can be induced to provide the vast number of houses or flats required is a matter of some doubt. Unless there is to be a great advance in the present rate of building and rebuilding, the plan seems to resemble too closely an attempt to solve the unemployment problem by making it illegal to be out of work. The slum clearance campaign initiated by the present Government is plainly encountering many obstacles. The plans that were drawn

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up by the local authorities under pressure of the campaign envisaged the demolition and replacement of 285,000 houses in five years. In the first eleven months of the scheme the number of houses constructed was fewer than 13,000, and 15,000 seems to be the maximum we may expect for the first year. The average rate of building over the remaining four years must therefore be no less than 67,500 if the programme is to be carried out.

III. ECONOMIC IMPROVEMENT

THE Government pin much of their hope of future electoral success upon economic improvement, which, in spite of occasional hesitations, has been fairly steadily maintained. At the end of October, the number of registered unemployed was 179,118 lower than a year before ; and the September figures had shown a decrease of over a quarter of a million compared with September, 1933. The greatest improvement has been recorded in the engineering trades, in which unemployment has fallen by nearly 54,000. Although the coalmining figures received a sharp setback in October—production having been accelerated previously in anticipation of labour troubles, which are now for the moment happily out of sight—this industry also shows a decline of nearly 50,000 in unemployment since 1933. Other industries at the top of the list are ship-building, iron and steel, and the metal manufacturing trades. At the other end, the woollen and worsted industry has the melancholy distinction of recording an increase of over 12,000 in registered unemployment. Other consumption goods industries also lagged behind the average, but the economists give us theoretical reasons for believing that the revival of these trades will follow at second remove that of the industries producing capital goods, a supposition which seems to be borne out by the recent statistics of retail trade.

Economic Improvement

A still more favourable light is thrown on the condition of the labour market by the numbers of people employed. At September 24 there were 10,243,000 insured persons in employment in Great Britain, a figure higher than had been recorded at any time since November, 1929, and only 73,000 fewer than the maximum of the years of relative prosperity. Unfortunately, the latest returns show a fall of 37,000 in the numbers at work between September and October.

The overseas trade returns have recently given a certain cause for anxiety. In the first nine months of the year, whereas imports rose by £49,000,000, or 10·1 per cent., compared with the corresponding period of 1933, exports (including re-exports) rose by only £23,000,000, or 7·6 per cent. Thus the adverse balance of commodity trade increased by £26,000,000, chiefly on account of the greater absorption of raw materials. The improvement of industries like rubber and base metals should increase our "invisible exports," in the shape of interest and dividends received from abroad, but the process of liquidation, conversion, repayment and re-sale has reduced such receipts from other overseas investments, and we obviously have no margin in hand for re-lending. The trade figures are a warning that only within fairly restricted limits can industrial revival continue on the strength of the home market alone.

One favourable by-product of increasing imports has been the greater yield from customs duties, which in the first half of the financial year was nearly £4 million higher than in 1933-34, though the estimate for the whole year had only been advanced by £4½ million. Income tax showed an increase of £7·5 million, against an estimated fall of £9·4 million for the whole year, but the comparison is complicated by a change in the dates of collection, which caused an estimated loss of £12 million in the first half of last year. On the whole, the figures of revenue so far vindicate the conclusion drawn at the time of the budget, that the Chan-

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cellor was under-estimating his prospects, perhaps deliberately. In the second half of last financial year an interim deficit of £48 million was turned into a surplus of some £30 million; this year a deficit of £54 million has to be made good, and there seems no reason to doubt that this will be done with something to spare. The figures of expenditure, however, are not as reassuring as those of revenue. In the first six months, supply services cost £5.9 million more than in 1933, the year's estimate having been raised by £10.8 million; and most of the increased expenditure that has been incurred since the budget will fall with greater severity in the second half than in the first half of the fiscal year. Moreover, the international situation is such that our defence expenditure may again have to be increased before the next budget.

IV. THE DEPRESSED AREAS

WHILE the nation as a whole is plucking up economic hope, and certain of the more fortunate industrial areas are enjoying something like a boom, there remain parts of the country without hope, and with little of their former industry left. They are, broadly speaking, the former centres of coal and iron mining and of the associated heavy industries, on which our national economic fortunes used to rest. Last April the Government appointed commissioners to investigate the condition of four such depressed areas, and to recommend what might be done to alleviate their lot. The districts and the commissioners were: West Cumberland and Haltwhistle (Mr. J. C. C. Davidson, M.P., Chancellor of the Duchy of Lancaster), Durham and Tyneside (Captain D. Euan Wallace, M.P., Civil Lord of the Admiralty), South Wales and Monmouthshire (Sir Wyndham Portal), and Scotland (Sir Arthur Rose).

The investigators were given the same general instruc-

The Depressed Areas

tions but full liberty of treatment, and it was not to be expected that their reports,* which were published on November 8, should have been cast in an identical mould. The areas themselves have different characteristics which forbid uniform treatment. In Cumberland, while coal mining offers the most promise among the former leading sources of employment, the iron and steel industries have almost gone and the ports are in decline. In South Wales the trouble turns upon the loss of export markets for steam coal; in the western section of the area conditions are far better, simply because the market for anthracite coal, which is won there, has been well maintained. On the Tyne the initial responsibility lay with the enormous expansion of the shipbuilding and munitions industries during the war, leaving a peace-time legacy of excess capacity, bankruptcy and dereliction. Round about lies the Durham coalfield, the oldest great field in the kingdom, now a high-cost area unable to hold its own in an era of declining consumption and fierce international rivalry in the coal trade. The Scottish industrial area based on the Clyde has suffered from the general depression of the heavy industries—coal, iron and steel, shipbuilding and engineering—which, as the commissioner remarks, are largely interdependent; they are able to compete in world markets to-day only by dint of rationalisation which inevitably takes the form of economy in labour forces. The commissioners acknowledge that these four areas present a special problem, involving a national responsibility and calling for national action.

The possible forms of action mentioned by the commissioners fall into four groups: public works, the stimulation of new industries, transference of labour, and land settlement and afforestation. "Made work" of an uneconomic kind they unanimously pass over as a palliative limited in scope and short-lived in effect, but they mention specific public works, at present beyond the finances of the local

* Cmd. 4728.

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authorities, which would bring an economic return, though this might not always be directly measurable. Such improvements—the enlargement and renovation of Whitehaven harbour, for instance, or the proposed road tunnel under the Tyne—would help in bringing new industries to the different areas, or in improving the fortunes of the old ones. On the prospects for industry the commissioners could not persuade themselves to be very hopeful. The vicious circle of social burdens and high rates, though broken by the derating of industrial property, still acts at least as a psychological deterrent, and the causes that produced the destitution of the former basic industries are still operative. But marginal efforts could be made, so the reports run, to attract industry, for example by the unification of cumbrous local government machinery, by the creation of development trusts to find capital for industrial units too small to appeal directly to the public capital market, and by the preferential award of government contracts to the depressed areas—admittedly a dangerous policy. The Government, as Captain Euan Wallace remarks, cannot remain impartial towards the location of industry.

Any large scale movement of population involves an immense waste of social capital. Not only have houses, schools, roads, sewers, hospitals, etc., to be built in the newly settled area, but there must always remain a residue of persons who cannot be transplanted and must therefore become a charge upon public funds.

The most outstanding example of the movement of population to a new area is the industrialisation and consequent rapid growth of greater London. The evils, actual and potential, of this increasing agglomeration of human beings are so generally recognised as to need no comment.

It is suggested, therefore, that the time has come when the Government can no longer regard with indifference a line of development which, while it may possess the initial advantage of providing more employment, appears upon a long view to be detrimental to the best interests of the country; and the first practical step which could be taken towards exercising a measure of control in this direction would seem to be some form of national planning of industry.

The Depressed Areas

This is a very striking conclusion to be served up by a junior member of the Government itself.

Yet whatever policy the Government were to adopt in this matter, its results would be slow and it could not undo the international forces that have blighted the basic industries. The most ardent fight against economic nationalism, perhaps the most obdurate of those forces, could not solve the problem of world excess capacity. On the most optimistic showing, there will be a surplus of labour in the areas reviewed even when industry has recovered the losses of the depression. The continuance of the activities of the Industrial Transference Board is urged by all four commissioners, though they recognise the grave difficulties that have been encountered, and though the recorded figures indicate that in proportion to the problem the gain is small. The reports admit, too, that migration, whether within Great Britain or beyond, robs the suffering areas of some of their most virile inhabitants, and leaves a growing burden to be borne by an ageing and decaying population. Nevertheless, the training and transfer of young people are acknowledged to contain the only hope for the more distant future. Meanwhile the industrial population must in some measure return to the land. Experience shows that the coal-mining villages furnish good and willing tillers of the soil, and even if the land will yield them but a poor living, it will give them an occupation preferable by far to hopeless idling. The commissioners elaborate in varying detail their proposals for stimulating re-settlement on the land. None of them, unfortunately, goes at any length into the general problem of markets, or into the relation between greater agricultural self-sufficiency in Great Britain and the economic nationalism that is so deeply responsible for the evils they poignantly describe.

The Government's policy for the depressed areas was revealed by Mr. Neville Chamberlain on November 14 in a debate on the commissioners' reports. Transfer of

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workers under 35 would be pressed forward. More provision would be made for industrial training for the unemployed. Special grants would be allotted for catchment boards to carry out drainage schemes, and priority might be given to road improvements and other normal public works in the depressed areas. Besides these augmentations of orthodox and existing means of assistance, two commissioners—unpaid at their own request but working full time—would be appointed for England and Wales and for Scotland. They would have a wide discretion in the organisation of schemes of economic development and social improvement, and in the settlement of men on the land. The sum of £2,000,000 would be paid into a special fund for their purposes, until the next budget, when a formal estimate could be laid before Parliament. The lukewarmness of the reception accorded to this pronouncement is in effect a tribute, not to the inadequacy of the Government's policy, but to the obduracy of the problem itself, and to the sense that any measures that it is open to the Government to take must inevitably fall short of a complete solution.

IRISH FREE STATE: THE SPLIT IN THE OPPOSITION

I. "UNITED IRELAND"

POLITICAL interest in the Free State has recently shifted from the Government to the Opposition. Important and serious political developments have arisen out of the internal dissensions of the United Ireland party, which has, in fact, ceased to justify its title. The reasons for these disputes, which culminated in the resignation of General O'Duffy from the leadership of the party on September 22, have been well known, if not publicly proclaimed, for some time past. When the coalition between the Centre party, representing the large farmers, the Cumann na nGaedheal, or Cosgrave party, and the Blueshirt organisation (then called the National Guard) took place twelve months ago, the leaders of the Centre party, unfortunately, objected to Mr. Cosgrave's becoming the leader of the new party, and the latter, most patriotically, relinquished his undoubted claims to that position in favour of General O'Duffy, who had recently become the leader of the Blueshirts.*

The gallant General had, as it turned out, not only no political experience—a want which time and common sense might have supplied—but little discretion, a defect impossible to cure. He is one of those people, possessing boundless energy but ill-directed enthusiasm, who so often come to the top in a revolutionary struggle, but who are unable to adjust themselves to the more prosaic requirements of ordinary political life. He is also much too genial

* See THE ROUND TABLE, No. 93, December 1933, p. 171.

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to fill the rôle of a Mussolini, which his admirers thrust upon him. As head of the Civic Guard, he had acquired the reputation of being a good organiser, though how far this was due to expert assistance from more competent people it is difficult to say. "But," like Lord Lundy in Mr. Belloc's poem, "very soon his friends began to doubt if he was quite the man." As he had no seat in the Dail, his public pronouncements were limited to platform speeches throughout the country, and, although it was obvious for some time that they were severely edited by more experienced politicians, he frequently managed to escape his mentors' control and to make extempore speeches of an irresponsible and exuberant kind. These outbursts, which naturally delighted the younger and less thoughtful members of the League of Youth, the Blueshirt organisation, were a constant source of embarrassment and dismay to Mr. Cosgrave and the more sober and experienced leaders of the United Ireland party, and it was plain for some time that relations were becoming strained between these two elements.

In addition, both the professional politicians and the General had been persuaded by clever university professors among their advisers to adopt in haste a rather amorphous political programme which aimed eventually at creating here a corporative State on Italian lines, the implications of which were neither fully considered nor completely understood. It ought to have been clear that a policy of this nature, based on strict discipline and envisaging a complicated social organisation, was not likely to appeal to our easy-going people, whose political movements have always proceeded on the principle of *solvitur ambulando*, and who strongly dislike modern bureaucratic methods of government. Some sympathy must certainly be felt for General O'Duffy, who thus became the advocate of a policy which he did not originate, and which he probably accepted rather as a means to an end than as an end in itself.

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But the final differences were due to something more than his personal idiosyncrasies. During the months of August and September, certain sections of the younger farmers and Blueshirts began to get out of control, using direct action to impede the officials who were trying to collect the overdue land annuities and rates by legal process in the shape of forced sales of seized cattle. In many places where it was known that a seizure of cattle was about to be made, roads were blocked by felled trees and barricades of stones, and telegraph wires and poles were cut down, causing serious inconvenience to the general public; and on at least two occasions the express train between Cork and Rosslare was seriously delayed. The farmers also attended the auctions of the seized cattle, and sought by public demonstrations to intimidate any possible purchaser. The Government, to counter this procedure, employed special purchasers, probably detectives or political adherents, who, under assumed names, bought in the cattle and exported them for sale in England under special licence. Since it would have been impossible to sell them in Ireland, in this connection the English market is still valuable to Mr. de Valera.

These events reached a serious climax at a sale of seized cattle in Cork city on August 13, when a lorry containing about twelve men, driven at a furious speed, crashed through the barred and guarded gate of the yard in which the sale was taking place. The lorry clearly broke into the yard for the purpose of admitting the crowd of enraged farmers outside, in order that they might attack the purchasers of the cattle. It had no sooner come to a standstill than fire was opened on the crowd with revolvers and rifles at almost point blank range by armed detectives within the yard. The firing continued for several seconds; one man, a farmer's young son called Michael Patrick Lynch, was killed; and five others were wounded by bullets. The detectives who fired were not members of the ordinary police force, but belonged to the special

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corps popularly known as the "Broy Harriers," who were specially recruited last year by the present Government for political purposes. Fierce hand-to-hand fighting then broke out between the large force of police and the farmers, who were armed with sticks, resulting in minor injuries to about thirty other people. Finally, the troops were called out from Cork barracks in full war kit, with steel helmets and tear gas, but fortunately their assistance had not to be invoked. It is quite clear from the evidence given at the inquest that there was no necessity for this murderous fusillade, and that the police never really lost control of the situation ; but it is equally impossible to justify the action of those responsible for driving the lorry into the yard, which was the primary cause of the whole affair. The funeral of the victim was, of course, made the occasion for a political demonstration, but the jury at the subsequent inquest refused to apportion blame, and brought in an open verdict which reflected non-partisan public opinion on the matter. The leaders of the United Ireland party did not, unfortunately, condemn these illegal activities, which were not unlike the usual monkey tactics of the I.R.A. The Government took no steps to investigate the responsibility for the firing that took place, or to censure the detectives who fired.

The cleavage of opinion between the Blueshirts and the political wing of the Opposition became definite when the annual convention of the League of Youth was held in Dublin on August 19. It passed a resolution calling upon the farmers to refuse to pay their annuities, and the labourers to refuse to pay their rates, if the Government did not suspend the demand for payment. No responsible Opposition could, of course, countenance a proposal of this kind, which would make all government impossible. A proposal was also made, but not persisted in, for the separation of the Blueshirts from the United Ireland party and the resignation of General O'Duffy from the party leadership. On August 30 the executive of the United

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Ireland party met in Dublin, and a long discussion on the general policy of the party and its internal organisation took place, after which it was announced that General O'Duffy had not pressed for the acceptance of the League of Youth's motion concerning the non-payment of land annuities, but that Professor James Hogan, one of the ablest members of the party, had resigned.

Professor Hogan, who holds the chair of history at University College, Cork, and who is a brother of Mr. Patrick Hogan, the Minister for Agriculture in the late Cosgrave Government, subsequently issued a public statement, in which he deprecated General O'Duffy's attempt to organise the Blueshirts in Northern Ireland in spite of the Northern Government's prohibition; this step, he said, ran entirely counter to the policy of persuasion and reason which he believed to be the only policy capable of success. He also objected to General O'Duffy's connection with the policy of advocating the non-payment of land annuities. He added that his resignation was the strongest possible personal protest he could make against the generally destructive, irresponsible, and hysterical leadership of General O'Duffy. The United Ireland party, he added, could have no future, and deserved no future, as long as General O'Duffy remained its leader.

In spite of official denials, it soon became apparent that these events were the result of serious internal dissensions, and little surprise was occasioned, three weeks afterwards, by the public announcement of General O'Duffy's resignation from the leadership of the party. It is understood that the immediate reason for his resignation was the insistence of the other members of the executive that he should not make unauthorised speeches. General O'Duffy, however, did not retire gracefully. A statement he made on his resignation seemed to imply that he had also resigned from the position of Director-General of the League of Youth, to which post ex-Commandant Cronin, the secretary and original founder of the Blueshirt organisation, was

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appointed in his place. This gentleman is both young and inexperienced, but is believed to have enough sense not to attempt political leadership. If he does, it may well prove a case of leaping out of the frying-pan into the fire. General O'Duffy's resignation was, however, more apparent than real. In a few days he announced that he was still Director-General of the League of Youth, and summoned the leaders of the organisation throughout the country to meet him in council. Subsequent statements issued by him and Commandant Cronin merely served to confound confusion; the only fact that emerges clearly is that a split in the Blueshirt organisation has taken place and that General O'Duffy is seeking the support of the extremer elements. In one country branch of the League of Youth all the women members decided to support the General, and all the men to support Commandant Cronin. Needless to state, the General is a bachelor and the Commandant is not. General O'Duffy is now engaged in organising a league of his own, and will, no doubt, find his political level in due course. Meantime a section of the large farmers continue to pursue their obstructive tactics as regards the payment of the land annuities, and it is not improbable that General O'Duffy will be succeeded by "Captain Moonlight"—a person of ill repute in Irish agrarian history.

All this leaves the Opposition in a pretty hopeless position. Mr. Cosgrave remains parliamentary leader, but has lost prestige. Mr. MacDermot, their best political thinker, is ill in England. For the present, at all events, Mr. de Valera remains the undisputed master of the political scene, and his opponents cannot hope to make any impression on him by the method of head-on collision, which seems to be their only idea of political tactics.

By an amusing coincidence the newspapers of October 1, which contained General O'Duffy's statement that he had decided to remain Director-General of the Blueshirts, and to sever their connection with the United Ireland party, also contained a report about the Republican

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Congress, the communist seceders from the I.R.A., from which it appeared that this organisation had also split into two nearly equal parts, over the question whether its ultimate aim should be the establishment of a workers' republic or a united front against capitalism. So both communist and anti-communist alike remain Irish in their disunity. Students of Irish political news will soon require a pocket political dictionary in order to follow the names and aims of our various parties. Meantime, the extreme republican movement is becoming less anti-English, and more anti-capitalist. Mr. Maurice Twomey, the Chief of Staff of the I.R.A., indeed proclaims that the imperialist capitalist system is the real enemy. It is not improbable that, owing to the virtual impotence of the official Opposition, more and more of the bourgeois townspeople and the large farmers will drift into Mr. de Valera's party as their only hope of protection against extremer men, and that Mr. de Valera himself, supported by the mushroom profiteer manufacturers, who are the result of his tariff policy, will be forced further and further to the Right.

His recent speech at the League of Nations Assembly on September 12 is an example of this tendency. He asked that the question of the entry of Russia into the League should be dealt with frankly and plainly, and said he would be happier if Russia were to make universal those guarantees concerning religious freedom which she gave to United States nationals on resuming diplomatic relations with that country. The day had gone by, he added, when enlightened governments could continue persecution or denial of religious freedom. This speech, for which he afterwards received a special message of approbation from the Pope, gained him much praise in Ireland, where most people are entirely unaware that he subsequently voted for the admission of Russia to the League and its appointment to a permanent seat on the Council, an action which proved that he is a good diplomatist as well as a good Catholic.

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Another sign that he does not intend to embark on any rash projects or to proclaim a republic immediately is the Government's re-appointment for three years of General Michael Brennan as Chief of Staff of the Army. General Brennan is the able and level-headed officer who has been principally responsible for the creation of that efficient and well-disciplined force, and who commands its entire confidence. He has consistently refused to allow it to be made a political instrument, and undoubtedly would not countenance its use for any unconstitutional purpose. For some time past there have been disquieting rumours that the Government intended to replace him by a purely political appointment. These are now happily dispelled, and the inference is that the Government do not intend to interfere with the army.

Their decision will be universally approved by everyone who desires the maintenance of order and stability. The Government have also wisely decided to restore the army pensions to those members of the Blueshirt organisation who had lost them in consequence of recent convictions by the military tribunal. Their new Military Service Pensions Bill grants pensions to all those who fought in the rebellion and subsequently opposed the Cosgrave Government during the civil war. This will increase the total cost of army pensions to £560,000 a year, but is a relatively small price to pay for keeping these ex-warriors quiet. The I.R.A., realising that this subsidy may sap the fidelity of its potential heroes, has forbidden its members to accept what it describes as "an attempt to buy off the hostility which exists against the rewarding and subsidising of treason." This last reference is a covert attack on the Government for continuing the civil war pensions already granted by their predecessors. They would, however, no doubt approve of Mr. de Valera's decision "in existing circumstances" not to send a delegate to the King's Silver Jubilee celebrations next year, although we are assured that this decision is based on purely political grounds.

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Miss Mary MacSwiney (that sole depository of true Irish nationalism), probably alarmed by the recent not altogether groundless rumours of fresh negotiations with the British Government, has, however, reminded Mr. de Valera that the last word does not rest with him, and that none but those who stand with Wolfe Tone to break the connection with England will have this final word to say.

The triennial elections to the condemned Senate will take place this month, when twenty-three vacancies have to be filled by the Dail and Senate voting together under proportional representation. The Earl of Granard, Mr. George Crosbie, chief proprietor of the *Cork Examiner*, and Mr. Guinness of the brewery family are among those not seeking re-election. In a recent by-election Mr. Patrick Lynch, K.C., who, strange to say, was Mr. de Valera's opponent when the latter was first elected for Clare in 1917, and who was now the Government's nominee, was elected. Under present conditions it is possible that there will be defections from the Opposition, and that as a result Mr. de Valera will obtain a majority in the Senate. If this happens it is more than likely that the Upper House will be reprieved from the death sentence now hanging over it, because its merits as an asylum for political hangers-on will then outweigh its alleged defects. Meantime, it continues to amend legislation in a manner which certainly proves both the necessity for its existence and the incompetence of the Dail.

II. ECONOMIC DEVELOPMENTS AND REPERCUSSIONS

WHILE these interesting political events were taking place, Dublin, owing to a strike, remained for nearly ten weeks without newspapers. This dispute, which arose out of a demand for increased wages, could probably have been settled amicably without a strike but for the action of the compositors, who refused to set up a statement by the newspaper owners concerning the questions at issue.

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It is believed to be one of the longest newspaper strikes that has ever taken place, and it caused serious losses to all concerned. The general public were not, however, much inconvenienced, as the English newspapers, broadcasting, and the *Cork Examiner* supplied a delayed news service. Strange rumours were, however, naturally rife. News such as the decision of Messrs. Guinness to open a new brewery at Park Royal, near London, did not lose in the telling. As some 14,000 people in Dublin depend for their livelihood directly or indirectly on this great industry, the consternation at this news can be imagined. It is by far the biggest industrial unit in the Free State. Fortunately, for the present, no serious dislocation of existing conditions is contemplated, but nevertheless it is a warning of what might well happen if the Free State were to secede from the Commonwealth; for in that event this great firm would, for fiscal reasons, undoubtedly have to remove most of its business from Dublin.

Another and more satisfactory result of the Government's policy is the prohibition of the importation of motor tyres, which has led to the Dunlop company's taking over the disused foundry of the Ford motor company at Cork as a tyre factory, under special licence. It is understood that some six or seven hundred people will be given work, but some hundreds of people at present employed by other tyre distributors throughout the country will, of course, lose their jobs, so that what we gain on the swings we may partially lose on the roundabouts. The importation of boots and shoes, except under licence, has also been prohibited. The next step will probably be the prohibition of the importation of assembled motor cars, which is intended to force the big English motor-car manufacturers to imitate the Ford company and assemble their cars here.

Meanwhile, our adverse trade balance has increased by £9,000,000 as compared with 1931. In order to cope with the cattle crisis, the Slaughter of Cattle and Sheep Act provides £400,000 for the supply of free meat to unemployed

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persons, £150,000 for buying about 50,000 old cows, and £30,000 for a tinned meat factory. In order to increase the price of cattle to the producer, it has been fixed at the minimum figure of 25s. per cwt. from November 1. The administration of this measure will cost at least £60,000 a year; it will lead to the slaughter of some 250,000 cattle annually, and there will be an increase of at least twopence a pound in the price of meat to the general public. This measure was first suggested by the Labour party. Under the Tobacco Act recently passed, it is proposed to increase year by year the amount of home-grown tobacco we smoke, until eventually we shall be smoking "without knowing it" nothing but Irish tobacco. At the same time a considerable amount of the Government's present revenue will disappear in smoke.

We have now nearly reached the high-water mark of economic self-sufficiency, and it only remains to reap the results. Our present industrial revival is distorted by the fact that agricultural products have suffered the whole burden of the price reduction, and non-agricultural products little or none. In 1926, after buying about twenty millions' worth of imported goods, our farmers still had about twenty millions to spend on home industrial products and commercial services. At present price levels, even if we grow all our own wheat, our farmers, when export has come to an end, will only have about nine million pounds to spend on the home market. Actually, the disappearing export market still adds about twelve millions to the purchasing power of the agricultural community; industrial production is thus expanding to meet an agricultural purchasing power which is rapidly collapsing. As the home market for food products cannot be quickly expanded, a drastic curtailment of agricultural production is necessary. Mr. Joseph Johnston, one of our few independent economic thinkers, shows in a recent interesting article that the money receipts of Free State farmers have fallen from £32,188,000 in 1929-30 to £14,354,500 in 1933, and it is certain that they

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will soon fall further. At present the farmers are drawing on the savings of past prosperity, so that the full effect is not yet apparent. The owners of the 7,947 holdings of over 200 acres in the Free State own more land than all the 259,662 holdings at the other end of the scale put together. This disparity in the division of land constitutes a great problem, which the virtual stoppage of emigration to America has intensified and aggravated; upon the small farmers the whole economic crisis and the English agricultural tariffs have fallen with crushing force. Unless the Government can keep them quiet by unemployment relief, grants, and subsidies, its policy of industrial revival will fail, and how long the country can stand the financial strain of these doles is problematical.

The present disastrous plight of the town of Cobh is a warning not to be ignored by the rest of the country. Situated on Cork harbour, its prosperity was based on its position as a port of call, its naval dockyard, the British naval and military garrisons, and the emigration traffic to America. One by one these foundations have been destroyed by modern inventions and political developments. Wireless prevented ships from calling for orders, the larger liners moved to Southampton, the Treaty of 1921 practically removed the British military and naval forces and closed the dockyard, and, finally, American policy stopped emigration. The town is now almost deserted, its business has fallen very considerably, and the ground landlord, recognising the tragic situation, has very generously submitted his rental to independent arbitration with a view to its reduction. Here is writing on the wall that all can see, and few can misunderstand. Our large country towns will eventually be reduced to the same condition as Cobh if we destroy the foundation on which they rest—a prosperous agricultural community.

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CANADA'S FOUR HUNDREDTH BIRTHDAY

AT the end of August, Canada celebrated the quatercentenary of the landing of Jacques Cartier at Gaspé in the mouth of the St. Lawrence. Mr. Bennett and other Ministers were present, and official delegations were sent by Canada's two mother countries, France and Great Britain, and by the United States. The spirit of the occasion is well exemplified in the following speech by the Right Honourable H. A. L. Fisher, Warden of New College, Oxford, who with Admiral Sir Roger Keyes represented the British Government.

D'abord permettez-moi d'exprimer au nom de la délégation de la Grande Bretagne sa vive reconnaissance pour les paroles de bienvenue si charmantes et si généreuses que nous venons d'entendre, et de remercier à la fois les Gaspésiens et les Gaspésiennes qui ont tant fait pour ajouter au charme de notre fête de cet après-midi. C'était avec une émotion profonde que nous avons célébré cet après-midi le quatrième centenaire du jour natal d'une nation puissante, formée par la coopération de deux grandes races, de deux grandes civilisations créatrices et complémentaires. La gloire de Jacques Cartier est un trésor partagé entre le Canada, la France et la Grande Bretagne. C'est la possession commune de tout l'Empire britannique, et j'ose même ajouter, si Son Excellence le Ministre des Etats-Unis ne soulève pas d'objection, que si Cartier n'avait pas vécu et que, si par conséquent le Canada n'existait pas, sa découverte entrerait au premier plan dans le programme imposant du Président Roosevelt, tellement est-il essentiel au bien-être de la grande république des Etats-Unis qu'elle ait à côté d'elle un Canada indépendant, florissant et bon voisin.

Je ne suis pas qualifié, comme l'est si bien mon illustre ami et collègue, Sir Roger Keyes, pour juger Jacques Cartier comme navigateur, mais on ne peut pas lire le récit de ses trois voyages dans l'édition magistrale du docteur Biggar, érudit anglo-canadien qui a fait ses études à Paris et à Londres, sans subir l'attrait d'un caractère remarquable et attachant. Je me souviens d'un vers d'un poète grec: "La mer purifie les maux de l'homme." Cette

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purification de la mer Cartier l'a subie, coeur simple, courage indomptable, droiture absolue, loyauté parfaite envers son souverain, foi religieuse simple et sincère, un don d'observation de menus détails qui paraît être très exact, la plume claire, sobre sans parure, telles sont les appréciations que je dérive de la lecture des récits du grand Malouin.

Nous faisons bien, Messieurs, de rendre hommage à ce grand bienfaiteur de la race humaine qui a écrit de si belles pages sur l'épopée des voyageurs français en Amérique, épopée qui dans son importance mondiale dépasse l'histoire des croisades.

Votre Eminence, puisque vous êtes à côté de moi, je vais vous faire une petite confession. Je suis né dans une petite île coloniale, dans une colonie normande qui s'appelle la Grande Bretagne, car dans le temps passé les normands ont colonisé cette île, et en toute franchise confessionnelle je dois vous avouer qu'ils nous ont conquis et qu'ils nous ont fait beaucoup de bien. Car les normands étaient des gens très sensés, très prudents. Ils se disaient : Voilà les Anglo-Saxons, un peuple rustre, lourd, mal organisé. La bière, qui est leur boisson nationale, est détestable et beaucoup inférieure à notre bon cidre normand. Pourtant ils peuvent avoir des mérites ; ils se sont bien battus à Hastings et ils ont montré une certaine ténacité.

Qu'ils continuent à parler leur patois entre eux pourvu que nous ne soyons pas obligés de l'apprendre, qu'ils conservent leurs anciennes coutumes et leur ancien droit, tel qu'il a été écrit dans les codes anglo-saxons ; et c'est ainsi, Messieurs, que les normands ont pu garder l'Angleterre et que l'Angleterre a pu supporter les normands. L'Histoire ne se repète pas, mais elle se ressemble. Des siècles passent. La sagesse ne passe pas, de la sorte que nous voyons aujourd'hui un beau morceau de l'ancienne France, de la France de Louis XV, englobée dans une nouvelle nation canadienne dont elle fait une partie vivante et intégrale. Miracle de justice et de tolérance, direz-vous ! Mais non, Messieurs, dans la bonne politique, il n'y a pas de miracle, il n'y a que de la bonne morale et du bon sens.

Ayons le coeur simple, ayons le bon vouloir les uns envers les autres, cherchons les voies d'accord, élargissons les horizons de notre savoir et de nos sympathies. En arrière les rancunes, les suspicions, les étroitesse et les petitesse de vue, que le courage envers l'inconnu de Cartier soit pour nous un drapeau et une inspiration ; et ne doutons pas que la paix de Dieu sera avec nous et que quoique dans telle ou telle partie du monde, tel ou tel Etat soit menacé par la confusion et la violence, les deux grandes démocraties anglo-saxonnes et françaises, qui feront l'avenir du Canada, resteront stables parmi l'écroulement des choses.

FINANCE AND POLITICS IN AUSTRALIA

I. BUDGETS AND BORROWING

THE regular Premiers' Conference and Loan Council were held at the end of June, the one passing into the other with little more formality than a change of chairman. The main business was a consideration of government deficits for the past and coming years, and the financing of the latter. The loan requirements for the financial year 1934-35 were also considered and approved, but the details of the necessary loans were left to a later meeting of the Loan Council.

The financial situation was very much as had been planned in the previous June, except that the Commonwealth Government found itself in a very different position from that anticipated. At the beginning of 1933-34, the Government had in hand a surplus of nearly £5,000,000 on the operations of the two preceding years.* Taking—though with some blushes—a bold course, it proposed a large remission of taxation, together with some increase of expenditure, at a cost of £9,000,000 a year, and it reckoned on consequent deficits for the next two years, which would be just balanced by the surplus outstanding. The deficit for 1933-34 was estimated at over £1,000,000. It was suggested in these pages that the apparent rashness was considerably tempered by Treasury caution in the estimates of revenue, but the result has bettered the most

* See THE ROUND TABLE, No. 94, March 1934, pp. 403-408.

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optimistic forecasts. The Government found out of ordinary revenue £1,800,000 for wheat relief, for which no provision had been made in the budget; but instead of a total deficit of £3,000,000 at the end of the year, the actual result was a surplus of £1,300,000.

This result is due, broadly, to a moderate improvement in general prosperity in 1933-34, manifested in a higher level of consumption which gave nearly £3,000,000 in additional revenue from customs, excise and sales tax. Something was gained from lower interest rates on government borrowing, and income tax receipts, though based on the low incomes of 1932-33, were kept up by the payment of arrears. It is noteworthy that this was the first occasion for four years on which the amount of tax outstanding had decreased.

Commonwealth finance is, of course, the first to benefit by any general recovery, just as it is hardest hit at the first impact of depression. Customs, excise and sales tax are quickly and fully responsive to rises and falls in consumption, whereas direct taxation, on which the States mainly rely, may lag a year or more behind. State revenues gain something from increased railway receipts, but these depend largely on the prosperity of the wheat and butter industries, which are still extremely depressed. Some mitigation of the lag in State revenues has been attained by the taxation of wages and salaries at the source, but it was not to be expected that any of the State Treasurers would be able to display the sunny sense of virtue rewarded which pervades the Federal budget of 1934-35.

In fact, revenues in four States were further handicapped by an accidental and temporary cause, the failure of the wheat crop to move on account of persistent low prices. Nevertheless, State deficits at the end of June were reckoned at £440,000 less than the £8,300,000 that had been planned a year previously. Final figures have shown a further reduction to £6,900,000, owing to unexpected increases of revenue in June. In the end the net deficit for all govern-

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ments was only £5,600,000; and as expenditure included about £8,000,000 for sinking fund payments, the total indebtedness was in effect slightly reduced on the year's operations.

For 1934-35, the prospects of the Commonwealth Government were bright enough. It proposed to divide a prospective surplus of £2,000,000 between tax reductions and some small restoration of salaries and pensions. In addition, it had £5,000,000 of surplus outstanding from 1932-33, £2,000,000 of which it proposed to distribute to help the States to provide employment for the young; and the remainder was to be put into a trust fund for defence expenditure. Little improvement, however, was visible for the States. Wheat and butter prices were at their worst in 1933-34, depressing income tax assessments in the present year. Wool prices had risen greatly from their low point, but were now falling rapidly, and it looked as if the temporary rise in 1933-34 had been largely absorbed in redressing the credit position of the woolgrowers, with little effect, direct or indirect, on current expenditure.

Further, it was to be expected that budget figures would tend to look worse, even without any deterioration of the true position. Temporary internal expedients of finance were becoming exhausted. There was, moreover, some movement of opinion, which must be considered healthy, towards bringing all losses boldly into the budget and not concealing or postponing them by manipulation of trust and loan funds. Further, it was growingly difficult to increase taxation when the Commonwealth was purring with self-approval over its own reductions; difficult also to resist demands for partial restoration of former expenditure, when the Commonwealth, the Arbitration Court, and business itself were all showing the way.

The States estimated an average improvement of 10 per cent. in income tax receipts in 1934-35, due partly to higher rates; a steady yield from other taxation; some increased returns from railways, partly off-set by higher costs; lower

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unemployment expenditure; general government and social services at the same level; some relief from interest payable, but some decline in interest due and in receipts from miscellaneous sources. The net result was an estimated improvement of only £600,000 in total deficits of nearly £8,000,000.

This was not perhaps unreasonable, in view of the level of export prices, but the financing of the amount raised difficulties. The Loan Council proposed the issue of treasury bills, to be taken up by the Commonwealth Bank, with an understanding that a corresponding amount of bills should be funded during the year, so that the total floating debt should not be increased. This method of finance met with more than the usual resistance from the Bank board, and the negotiations that ensued seem to have left different impressions on the different parties to them. What emerged was :—

(1) A reduction of "agreed" deficits to £5,900,000, by the diversion of £1,500,000 to this purpose from the special Commonwealth grant for unemployment. (See above.)

(2) An undertaking by the Bank to finance this amount by treasury bills, provided that half of the amount would be funded within six months and the remainder within twelve months.

(3) A declaration by the Bank that in future it would not finance deficits even temporarily by treasury bills, except to the extent of the seasonal lag in revenue, and that it would not concern itself in future with the amount of deficits or with the methods by which deficits were being reduced.

It may be noted here that the economies agreed to under the Premiers' Plan of 1931 have been maintained, on the whole, without sensible mitigation. The cut in government salaries still ranges from 15 to 20 per cent. The number of government employees is still 10 per cent. less than in 1929-30, in spite of a 3 per cent. increase of population. In 1933-34 total payments of wages and salaries to all government employees were a little less than in 1932-33, and more than 25 per cent. below the cost in 1929-30.

The general question of treasury bill finance was referred

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last year to a sub-committee of the Loan Council, but no report has been issued. The question of extending the market beyond the narrow field of the trading banks remains unsettled. Meanwhile, the Commonwealth Bank has entrenched itself by withdrawing its undertaking to meet treasury bills at maturity and to rediscount at a fixed rate. It will now fix the rate of rediscount at its discretion as the occasion arises.

In relation to loan expenditure, some change of attitude on the part of the combined Governments is to be noted. Victoria and South Australia retain a strong deflationary bent, while New South Wales and Queensland show an equal opposite tendency. The change to a Labour Government will not weaken the expansionist faith of Western Australia, but may make it more discriminating. The change of Government in Tasmania, however, marks a definite move from contraction to expansion in government finance. What is more important is that the Commonwealth, faced with a general election and 20 per cent. of unemployment, is feeling more strongly than heretofore the need for positive action.

The virtues and disadvantages of government expenditure for combating the depression and relieving unemployment have divided the governments in the past. At the June Conference it gained more general favour than before, and as budget deficits had been pent within an agreed limit the movement had to take the form of increased loan expenditure, financed by public loans. Loan expenditure, which was about £40 million in 1928-29, fell to less than £10 million (including the wheat bounty) in 1931-32. With reviving confidence and falling interest rates, it rose to nearly £16 million in 1933-34, and a further advance to nearly £23 million has been agreed to for 1934-35. This is the net figure, exclusive of considerable repayments to the loan fund.

Of the new moneys required, one-half were in sight, leaving about £12,000,000 to be raised by new loans. To

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this must be added £6,000,000 for the retirement of treasury bills, so that internal loans of about £18,000,000 may be expected during the financial year. The prospects are that this sum will be readily subscribed at a rate of interest very little above 3 per cent.

II. THE WHEAT COMMISSION

A ROYAL COMMISSION was appointed at the end of January to report on all aspects of the production and marketing of wheat, flour and bread. It was generally expected to furnish a report in time for the federal budget in August, and for consideration by Parliament in its closing session.

To deal adequately even with wheat alone was impossible in the time. By splitting into two and working at high pressure, the Commission completed a survey of all the mainland States and collected much of the necessary evidence by July, but there was no time even to compile the collected data, much less to draw conclusive inferences from them. Moreover, the federal electoral campaign in August created an atmosphere very unfavourable to calm consideration of a very thorny economic problem, and there was danger that extracts from the report, torn from their context, might furnish fiery political material. In these circumstances, not only is the report strictly an interim pronouncement, but it appears to avoid even a preliminary discussion of the main economic issues.

After a short historical introduction the report presents a broad survey of present wheat-growing in Australia. It then gives briefly its tentative conclusions on the cost of wheat-growing and on the debt structure of the industry—two vital matters which have long needed competent and thorough investigation.

It appears from the provisional figures that more than half the wheat-farmers have running costs (excluding

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interest) of more than 2s. 4d. per bushel at the siding, which is the average price over the last four years. When interest is included, half the farmers cannot produce at 3s. These costs are net costs, after profits on sheep and other side-lines have been taken into account, and they allow a money wage to the farmer of only £125 per year.

The total of wheat-farmers' debts is reckoned provisionally at about £140 million, or about £10 per acre of crop, or nearly £1 per bushel of the average annual harvest; but the distribution is naturally very irregular, and a fair number of farmers have practically no debt. This capitalisation also covers the large number of sheep which are kept on wheat farms. To the actual debt must be added the depreciation of machinery and other assets, which have been allowed to deteriorate seriously.

The Commission has attempted in this report to state in broad terms the magnitude of the problem. For the present it makes only one recommendation of a fundamental character, although there are several others which are designed to hold the field until its investigations are completed. The major recommendation is that the principle of an Australian price for wheat consumed in the Commonwealth should be recognised. The provisional measures proposed involve a subsidy estimated tentatively at £4 million for the present season, but varying according to the magnitude of the harvest and the prospective market price.

If the coming harvest is an average one, which is extremely unlikely, the £4 million would bring the price realised by farmers up to 3s. 6d. per bushel at the ports (or about 3s. at the siding). This, it will be noted, is a price at which only half the wheat-growers can cover their costs. The Commission is therefore virtually asking the farmers to hang on, at a low standard of living, for another year: in one of its subsidiary recommendations it has urged the continuation of moratorium provisions so that there shall be no fear of harsh action on the part of creditors.

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The Commission recommends that the assistance should be financed in part by a fluctuating excise duty on flour, which would implement the principle of the home consumption price, and for the rest from other revenue. Details are to be given in further recommendations, which will be made before the harvest, and comment may be deferred until the full proposals are before us. The language of the report, however, suggests a hope that this tail-chasing expedient of the flour-tax will not be adopted with too much enthusiasm. A raising of the home price to import parity might be useful in allaying a sense of grievance, without adding substantially to export costs, but the magnitude of the problem, when the present price of wool is considered, is far too great for such easy and ineffective expedients.

III. THE FEDERAL ELECTION

THE campaign that preceded the federal election of September 15 naturally centred round the problem of Australia's recovery from the depression, the effectiveness of the steps already taken to promote it, and the policies that rapidly changing circumstances demand for the future. The *Sydney Morning Herald* declared categorically that "Australia has recovered from the depression," and United Australia party advertisements claimed that "Australia has been enabled to stage the most spectacular economic recovery the world has known." To do Mr. Lyons justice, it must be admitted that he pitched his own claims in a more modest key. He insisted, however, quite confidently, that as a result of

sound government, sane management of finance, honest facing up to obligations and the determination nationally to do the right thing at all costs, Australia, having climbed out of the valley of gloom, is now approaching the sunshine of prosperity.

His policy had encouraged the growth of the tender plant

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of business confidence, and it was essential, he argued, if recovery was to be maintained, that the business community should continue to feel the revivifying influence of his Government's care.

An objective survey leaves little room for doubt that there has indeed been a considerable recovery from the bottom of the depression. There has been a sensible upward trend in many of the important indices of business activity, though the improvement has not always been well maintained, and though there are still many serious elements of weakness in the foundations of the Australian economy. The importance that the individual attaches to these movements is, however, determined much less by their absolute magnitude than by his sense of relief at having escaped the worse disasters that he believed were threatening him. Mr. Lyons' claims made the strongest appeal to those who a few years ago were afraid of complete collapse. Those whose economic position is still extremely shaky, or who had not previously feared complete collapse, were less impressed, and to them the Opposition made a more effective appeal.

For the measure of recovery that has taken place Mr. Lyons may legitimately claim some credit. But the improvement is less than was confidently anticipated from the Premiers' Plan in 1931, and it is disputable whether the Premier has a sufficiently clear grasp of fundamentals to justify a hope that the mere continuance of his present policy will bring Australia back into "the sunshine of prosperity." The "economic blizzard" descended upon us like a bolt from the blue, and, quite unwarrantably, we have hoped that it would some time disappear in the same unpredictable fashion. That we ourselves may have done anything to prolong world depression, by our policy of exchange depreciation, by the continued production of unprofitable crops, and by our deeply rooted suspicion of foreigners, which leads us to regard the competition of foreign goods as something irrational and unnatural, are

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ideas that simply do not find a place in the consciousness of members of the Government.

It is claimed that recovery is the result of adopting well-tried and traditional methods, whereas the actual breaches with tradition, in the shape of depreciated exchange, treasury bill finance, subsidies for wheat-farmers, and scaling down of interest charges, have been quite revolutionary. In Australia, as in many other countries, "sound" finance in 1934 is something quite different from "sound" finance in 1930, and still more widely different from "sound" finance in 1920 or 1910. The important trends in world affairs, of which the British Government's attitude towards the quota system and the general instability of the markets for primary products are obvious symptoms, call for a more penetrating analysis of the foundations of the Australian economy than Australian statesmen have yet for the most part been able to offer. Unless these trends are reversed, the claim that Mr. Lyons' policy has brought Australia safely through the depression may, as time goes on, become ever less plausible. Even those who are most enthusiastic in their praise of Mr. Lyons' policy in recent years may well entertain some uneasy doubts whether his policy is likely to adapt itself with sufficient flexibility and promptness to the needs of a new world.

In adapting its policy to meet a new situation, the Government is not a little embarrassed by the rash pledges given to the business community in the past against further experiments involving "government interference." Especially in discussions of the wheat industry, there have been hints that the Government would not be adamant in its opposition to further deviations from the path of rugged individualism, were it not that the Opposition would immediately exclaim, "That is exactly what we proposed years ago." It is true that circumstances sometimes do alter cases, and there is no necessary inconsistency in the view that a policy which was unwise in 1931 might be quite

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sound in the altered conditions of 1934. "Circumstances alter cases" is not, however, the kind of rousing slogan that efficient propagandists are willing to adopt.

During the life of the last Parliament the Government lost for different reasons three of its outstanding members—Mr. Hawker, Mr. Bruce, and Senator Sir Walter Massy Greene. These have been followed by Mr. J. G. Latham and Senator Sir Harry Lawson, who, at the dissolution, retired from political life. In personnel the Ministry is incomparably weaker in council, in Parliament, and in administration than it was when Mr. Lyons came into office. It will gain an able, vigorous, and rather provocative personality in Mr. R. G. Menzies, K.C., who resigned the office of Attorney-General and the Deputy Premiership of Victoria in order to contest the seat vacated by Mr. Latham, and who has now succeeded him as Commonwealth Attorney-General. Mr. Lyons' parliamentary position also has changed for the worse.

In the last Parliament, the United Australia party enjoyed an absolute majority over all other parties, whereas in the new Parliament Mr. Lyons will need the support of the Country party if he is to retain office. In these circumstances the relations between the U.A.P. and the Country party assume considerable importance. Naturally enough, the Country party was not prepared to accept Mr. Lyons' naïve suggestion that the best way to secure co-operation was for the Country party to merge itself in the U.A.P. Its interests are sufficiently distinct from those of the powerful groups that support the U.A.P. to justify the maintenance of an independent organisation. Many farmers feel that for them recovery is still in a somewhat remote future. There are profound divergences of opinion regarding tariff policy; the efforts to work out an agreed policy for mitigating the burden of debt have so far been unsuccessful; and the small farmer finds it difficult to echo the exaggerated praise that Mr. Lyons has bestowed upon the Australian banks. Efforts were made, with more

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or less success, to prevent direct electoral conflict between U.A.P. and Country party candidates, but the alliance remains a somewhat uneasy one, and many farmers are not altogether happy about Mr. Lyons' expressed determination to "hold the scales evenly between primary and secondary industries."

The Labour party, on the other hand, was thoroughly sceptical about the reality and permanence of the recovery that had been achieved, and argued that fundamental changes in institutions were necessary. Their attacks centred mainly upon the banking system, though they also appealed for support, especially in city electorates, as strong protagonists of a high tariff. All the talk about the restoration of overseas markets—of which Dr. Earle Page, and to a less degree Mr. Lyons, made so much—they argued, was futile. Australia must look to the development of her own home markets. To the farmer, Labour offered easy credit, controlled marketing and guaranteed prices. Efforts to close the gap between the Scullin and the Lang parties were unsuccessful, but there were no obvious fundamental differences between their declared policies, and there was a marked and perhaps significant absence of mutual recrimination in the speeches of the Labour leaders. Mr. Lang decided, at least for the time being, not to seek a Federal seat, but he directed with great ability the election campaign of his party, which was headed in the Federal Parliament by Mr. Beasley. If the policy speeches of Labour leaders are to be accepted as an adequate reflection of their minds, they have still not thought out in any systematic way the steps necessary for a thorough reorganisation of society upon a socialist basis. Their opponents allege that this is merely a blind. "Should the Labour party win the coming election," it was said,* "the 'capitalistic system' is to be overthrown and some form of sovietism substituted for it."

This view probably gave Mr. Scullin and Mr. Lang undeserved credit for clear thinking, and at least officially

* *Sydney Morning Herald*, July 26.

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they pinned their hopes on credit expansion. "To meet the situation," Mr. Scullin declared, "the nation was not called upon to set up an organisation to increase productive power. The one thing lacking was money." According to Mr. Beasley, the Australian standard of living could easily be the same as it was five years ago; "all that is missing is the ability of the people to buy." Mr. Scullin accordingly proposed to abolish the board that controls the Commonwealth Bank, and under the direction of a single governor to initiate a policy of vigorous competition with the private banks, which would eventually drive them out of business; while Mr. Beasley wanted national control of banking, which "will ensure that the volume of purchasing power is maintained to absorb the maximum products of primary and secondary industries." In view of the fact that mild inflation has played some part in such recovery as has already occurred, and that all parties favour some extension of borrowing for public works, there is a certain embarrassment in wholehearted denunciation of inflation of any kind. The Postmaster-General, Mr. Archdale Parkhill, has announced that his party is "the party of real money," but it is obvious that for this purpose the definition of "real money" must be very elastic.

Attacks upon the banking system certainly sounded the dominant note in the campaign, and there was some danger that in face of these attacks Government supporters, placed upon the defensive, would be reduced to frequent repetition of the story of Mr. Lang smashing the New South Wales government savings bank, and of the horrors of uncontrolled inflation in Germany. "An attack upon the banks is an attack upon the savings of the people." * As one member seeking re-election put it, "if Labour gained the reins of office, there would be such a catastrophic upheaval as would mean the closing of the trading banks within six hours." Even from the low point of view of expediency in propaganda, it was doubtful whether such

* *Sydney Morning Herald*, July 23.

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crude appeals to fear were profitable in the present state of Australian public opinion.

Although the Government sustained some losses in the elections of September 15, especially in electorates with a long-standing tradition of Labour representation, there will be a substantial majority of members opposed to radical innovations in the banking system of Australia. The losses, however, are sufficiently numerous to leave the Government directly dependent upon the support of the Country party, and the task of devising a policy in which Mr. Lyons and Dr. Earle Page, the Country party leader, can co-operate harmoniously is likely to raise some delicate issues.

The number of electors who refuse to obey the dictates of party organisers is great enough to render difficult any attempt at dividing the votes cast, under a system of compulsory voting, into two neatly classified categories, those who support the Government and those who oppose it. If the first count of Senate votes is taken as a rough guide, however, it becomes clear that a comparatively small movement, less than four per cent. of the total, from one side to the other would be sufficient to leave the Government in a minority. The method of counting votes used for elections to the Senate is such that even a party with a very small majority may win practically all the seats, and as only half the members normally seek re-election at the same time, the results of the Senate voting on this occasion will have an important bearing upon policy until 1940.

The electors as a whole being still so evenly divided, the future relations of the Scullin and the Lang Labour parties assume great political importance. Upon this problem the results of the election shed a somewhat uncertain light. The Labour gains were divided fairly evenly between the two parties, but the Scullin party received a further severe setback in New South Wales, where, apart from the three retiring members, and one or two other constituencies, the votes cast for the followers of Mr. Scullin shrank to an almost

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negligible figure. Even the three retiring members lost a good deal of support, two of them being defeated by Lang candidates.

Douglas Credit candidates contested 36 seats in the House of Representatives, and Communists 21. Taking into account votes cast for Senate candidates, the number of Douglas Credit voters exceeded 170,000, while the Communist aggregate vote exceeded 70,000. No supporter of either of these faiths was, however, elected.

Australia,

September 27, 1934.

POSTSCRIPT

The result of the elections on September 15 was as follows (the previous representation is shown in brackets) :—

HOUSE OF REPRESENTATIVES

United Australia party	..	..	..	..	..	32 (38)
United Country party	..	..	..	..	..	15 (16)
Federal Labour (Scullin)	..	..	..	..	..	18 (14)
State Labour (Lang)	..	..	..	..	..	9 (5)
Independents	..	..	..	..	..	0 (2)

SENATE

United Australia party	..	..	..	..	..	25 (21)
United Country party	..	..	..	..	..	7 (5)
Federal Labour (Scullin)	..	..	..	..	..	4 (7)
State Labour (Lang)	..	..	..	..	..	0 (3)

It was announced on October 31 that Mr. Lyons and Dr. Page had agreed to form a composite Ministry, drawn from the United Australia and Country parties. The latter will have four places in the Cabinet, and Dr. Page, as Minister of Commerce and deputy-leader of the Government, will rank next in seniority to Mr. Lyons. Meetings of the two parties have endorsed the coalition agreement, though with dissentient minorities.—EDITOR.

SOUTHERN AFRICA : OLD SCORES PRESENTED

I. FUSION AND FISSION

THE political peace that followed on the coalition agreement between Generals Hertzog and Smuts has proved to be short-lived. The alliance itself, of course, remains unbroken; it has operated with remarkable smoothness, and the process of replacing it by the permanent "fusion" of the two great parties is now all but complete. But South Africa, more especially Afrikaans-speaking South Africa, has developed during its political history certain characteristics, which would appear to be as hard to expel as nature itself—*naturam expellas furcâ, tamen usque recurret*. One is the dominance of the personal element in politics, the tendency to follow a particular leader, and in doing so to ascribe to him all the virtues and to his rival all the vices. The other, associated therewith, is that determined individualism which survives from the days when a pioneering people spread sparsely over a vast land, so that both government control and voluntary co-operation came to be all but forgotten; throughout South African history this trait has evidenced itself in party instability and the splitting off of groups and factions.

Leadership is a factor of more than ordinary importance in South African politics. But while a leader may count on the almost passionate devotion of his followers, he can only count on it for a time. The essentially democratic South African (what is here said refers, of course, more especially to the Afrikaans-speaking South African) begins to wonder whether after all his leader is so much better than he is. The question comes to be asked: "Is not

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this the carpenter's son? Whence then hath this man all these things?"—and with the appearance of a new leader there is the inevitable transference of loyalty. So it was with General Botha, as with many before him. So it is to-day with General Hertzog and his *fidus Achates*, Mr. Havenga. And that is why, though coalition put an end to a political struggle which was based largely on a personal feud between General Hertzog on the one hand and Generals Botha and Smuts on the other, it has initiated a new political struggle based in its turn on a personal feud, this time between General Hertzog and Dr. Malan. As a result, though Parliament is in recess, the political battle is being waged, over a large part of South Africa, as fiercely as ever in the past. The flood-gates of oratory have been opened; political meetings held in tiny villages are attended by gatherings of four or five thousand people, transported in many cases by motor lorries for hundreds of miles to vote for or against a motion of confidence; and sometimes unseemly disturbance is the outcome of the clash of all but embattled hosts.

The conflict is primarily among former followers of General Hertzog in the Nationalist party. As explained in the September issue of the *ROUND TABLE*,* a section of the Nationalist party has refused to go into the projected fusion with the South African party. It is led by Dr. Malan, the Cape Nationalist leader, and is therefore strongest in that province; but it also commands considerable support in the Prime Minister's own province of the Free State. It is chiefly in those two provinces that the battle has hitherto been waged. Both General Hertzog and Dr. Malan have been making tremendous efforts to consolidate their positions. The Prime Minister in particular has undertaken extensive tours, he has addressed meetings of a magnitude hitherto unknown in the country districts of South Africa, and at practically all of them he has had to meet with organised opposition, which has some-

* *THE ROUND TABLE*, No. 96, September 1934, pp. 902-3.

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times degenerated into sheer obstruction. Throughout, General Hertzog has vigorously defended the essentials on which the alliance between General Smuts and himself is based. He has maintained that he could not, in loyalty to South Africa, have rejected the hand of friendship which his former opponent proffered him ; he has insisted that the time has come for consolidating co-operation between English-speaking and Afrikaans-speaking South Africans ; and he has repeatedly declared his appreciation of Great Britain's magnanimity towards South Africa as consummated in the Statute of Westminster, insisting that on the basis of free association as now acknowledged it is the natural thing for South Africa to remain within the partnership of the Commonwealth.

He has been attacked chiefly on the grounds of a betrayal of his past. How, it is asked, can he co-operate with those whom once he so vigorously castigated—with old Unionists, survivors of the Milner school, with Hoggenheimer, who is the personification of the gold-mining capitalist, with General Smuts, whom an English newspaper has recently acclaimed as "England's great friend" ? At the root of the opposition there is, of course, the old isolationism—the Afrikaans-speaking South African must keep himself "pure," he must not enter into the house of the stranger, in his distinctive unadulterated Afrikanerism lies his strength. And to that end the sentiments, nurtured in old hates, must be kept alive, and the banner of republicanism, if not actually unfurled, must at least be held ready for use as occasion may demand.

The question of most general interest which has hitherto emerged in the struggle of words is that of South Africa's position in the event of war. It is one on which General Hertzog and General Smuts are not entirely at one. General Hertzog has held consistently that South Africa has a right of neutrality—that it can remain at peace while Great Britain, for instance, is at war, and yet continue to be a member of the British Commonwealth.

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General Smuts's view in the past has been based on the doctrine that if the King is at war all those who owe him allegiance are also *de jure* at war. The two Generals have, however, been disposed to regard this difference of opinion as of secondary importance—there is no difference between them on the primary point, that in the event of war the extent of South Africa's *de facto* participation is to be determined by South Africa alone. Their critics, however, have done their best to exploit their academic differences. They have also asserted with confidence that the present Government has in fact entered into various imperial commitments, pledging itself to active participation alongside of Great Britain in the event of war; and they have sought to support the assertion with evidence of all kinds, including that provided by Sir Maurice Hankey's brief visit to the Union on his way to Australia. The controversy has become so acute that, seemingly, nothing but the actual outbreak of war will resolve it. South Africa, in common with the rest of the world, hopes that it may be spared that test.

It is too early yet to say what the outcome of the struggle will be. It would seem that, taking the Union as a whole, General Hertzog has a substantially larger following in the old Nationalist party ranks than has Dr. Malan. In addition he can count on the support of the great mass of the South African party. His position is therefore a strong one. At an election Dr. Malan would not win more than a few seats. But General Hertzog himself started twenty years ago with but a handful of a party in Parliament—and in due course came to rule South Africa. The sentimental appeal is still a strong one, though perhaps not as strong as it was twenty years ago, and the Malanite faction of to-day may yet become the dominant party of tomorrow. But long-range prophecy is made more than ordinarily difficult by the uncertainty regarding the span of political life still left to General Hertzog, General Smuts and Dr. Malan (they are all in the sixties, and politicians

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age quickly in South Africa), and by the importance of the personal element in our politics that has already been referred to. It is enough, perhaps, to be assured that for some years to come Dr. Malan cannot seriously threaten the Government's position. Generals Hertzog and Smuts clearly have the great mass of the country with them.

Moreover, the Union is probably as prosperous to-day as any country in the world. The expansion of the gold-mining industry, under the stimulus of the enhanced price of gold, continues—Johannesburg, which is soon to celebrate its fiftieth birthday, is growing as rapidly as at any time in its history—and the rest of South Africa cannot but share in the benefits. True, agriculture is not yet out of its troubles, and the threat of an unparalleled locust invasion hangs darkly over the land; yet the farmers also are in far better case than they were a year or two ago. There is nothing, therefore, it would seem, to impair the Union's political stability. The significance of present events is to be sought rather in what may be expected to happen in four or five years' time.

The political conflict has been described in this article as a Hertzog-Malan conflict. So in essence it is. But there are of course other actors as well. Of General Smuts little has been said, since his task in bringing his party into fusion has been far simpler than that of General Hertzog, and in the struggle between the Prime Minister and Dr. Malan he has had no part. It is significant that South African party Ministers to-day are courteously received in Malanite strongholds, while their Nationalist colleagues are met with bitter opposition.

General Smuts, however, has not carried his whole party with him. A section, led by Colonel Stallard, has refused to go into fusion. It drew its inspiration in the first instance from opposition to the Status Act, and then from the clause in the principles of the "fusion" party which seemed to countenance republican propaganda.*

* THE ROUND TABLE, No. 96, September 1934, pp. 900-1.

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At present Colonel Stallard is engaged in launching the "Dominion Party of South Africa," which sets in the forefront of its programme "the maintenance of the British Empire as a united whole with common aims and interests and securing the Union's part therein with status as a Dominion of the British Crown," and opposition to "all movements to resolve the component parts of the Empire into sovereign independent States." The Status Act referred to South Africa as a sovereign independent State in terms of the definition of the 1926 Imperial Conference, to which it specifically referred. Colonel Stallard seeks to set the conception of Dominion status against that of sovereign independence. It is difficult to see how it can be hoped to make a great party develop on the basis of a lawyer's technicality, especially among English-speaking South Africans, who are far less politically minded than their Afrikaans-speaking fellows. It does not look as if the Dominion party were likely to become an important factor.

A sentence will suffice for each of the two remaining parties. Mr. Tielman Roos's Centre party, which really owes its origin to the tradition of loyalty to a leader as a basis of common political action, has received a nasty knock at a bye-election at Heilbron, and is no longer seriously accounted, while Mr. Roos himself would seem already to be looking out for a new political home. Labour, which fared even worse at the Heilbron bye-election, still finds it as difficult as ever to win the support of the Afrikaans-speaking worker, and remains politically impotent, until such time as a leader arises capable of welding it into an effective force.

These are, then, for the moment, but minor players on the stage. Dr. Malan is the Government's only really dangerous opponent, and it is the conflict between him and General Hertzog, waxing steadily in bitterness, that dominates the rest of the action.

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II. THE MOZAMBIQUE CONVENTION

NEGOTIATIONS are proceeding between the Union Government and the Government of Portugal for a revision of the Convention, into which they entered in 1928, for regulating the recruitment of native labourers in the Portuguese province by the gold-mining companies ; the division of seaborne traffic to the Transvaal as between the port of Lourenço Marques and Union ports ; and the interchange of products between the Union and the province of Mozambique.

The existing Convention*, signed in September 1928, was to be in force for a period of ten years, but either Government, five years after the date of signing, might call for a revision of its terms, and thereupon, in default of mutual agreement, the Convention should lapse six months after receipt of notice of termination. The Union Government having called for revision last year, negotiations between the representatives of the two Governments began last July in Lourenço Marques, and they are still proceeding.

The Convention of 1928 was the last of a long series of treaties and agreements going back to the early days of the South African Republic. The opening of railway communication between the port of Lourenço Marques and the mining areas of the Transvaal established a new and most important connection between the two countries. It gave to the Transvaal (the South African Republic as it then was) an outlet to the sea independent of the British ports of the Cape and Natal ; and as the rail distance of Lourenço Marques from the centre of the mining area of the Transvaal is roughly 100 miles less than that from Durban—the nearest port in British territory—it put the Portuguese port and the Netherlands South Africa Railway

* See THE ROUND TABLE, No. 72, September 1928, p. 883, and No. 73, December 1928, p. 210.

The Mozambique Convention

Company, which at that time owned and operated the Transvaal railways, into a strong position to compete with the ports and railways of the Cape and Natal.

After the annexation of the Transvaal by the British Government, while the Anglo-Boer war was still in progress, Lord Milner as High Commissioner for South Africa found it necessary to regulate the relations with the Mozambique Government. Accordingly, in December 1901, he entered into an agreement with the Governor-General of Mozambique for a *modus vivendi*, which provided that, pending the conclusion of an agreement relative to the province of Mozambique and the neighbouring British territories, the *status quo ante bellum* should be as far as possible re-established in relation to the Transvaal. It provided in particular for the continued recruiting of native labour for the Transvaal. The pre-war railway tariffs and classifications between Lourenço Marques and Johannesburg were to remain in force, and if any changes were made in the tariffs and classifications on the railways connecting the Cape and Natal ports with Johannesburg, corresponding changes should be made on the Lourenço Marques-Johannesburg line, so as to preserve the same relation between the tariffs as existed before the war.

The last mentioned provision gave rise to much dissatisfaction in the Cape and Natal, where it was urged that, as the Transvaal had now come under the British Government, it was unfair that the foreign port of Lourenço Marques, in competition with their ports for the very remunerative traffic to the mining areas, should continue to have the benefit of railway rates which had been fixed with the express object of assisting it in competition with them. But the paramount necessity which then existed for keeping open the Mozambique territory as a recruiting ground for native labour for the gold mines of the Transvaal prevented any substantial alteration of the terms, and the *modus vivendi* continued in force until April 1909, when it was replaced by a Convention between the then responsible

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Government of the Transvaal and the Government of the province of Mozambique.

This Convention provided for the continuance of native labour recruiting under more elaborate regulation. As regards railway traffic it made a new departure. For export traffic from the Transvaal it provided that the through rates from stations in the competitive area to Lourenço Marques should not be higher than the rates from those stations to other ports. For seaborne traffic through Lourenço Marques to the competitive area the Convention provided that the rates should be so fixed and from time to time adjusted that the gross tonnage of such traffic through the port of Lourenço Marques should not be less than 50 per cent., or more than 55 per cent., of the total gross tonnage to that area by all routes combined. The competitive area was defined to include roughly the mining district of the Witwatersrand, with extension to Klerksdorp to the west and Vereeniging to the south. The Convention was to be in force for ten years and thereafter subject to twelve months' notice. It terminated in March 1923 on notice given by the Union Government, but provisional agreements between the Governments for the continuance of native labour recruiting and commercial intercourse kept matters practically *in statu quo* until the Convention of September 1928.

This—the existing Convention—made two important changes as regards native labour recruiting. It provided for an upward limit in the number of Portuguese natives who might be recruited for the Transvaal mines. At that date the mines were employing over 100,000 of these natives, and the Convention provided that the number should be gradually reduced during the five following years to a maximum of 80,000 in 1933. In actual fact the number of Portuguese natives employed by the mines has fallen considerably below this maximum. In spite of the large increase in the total number of natives employed owing to the expansion of the gold-mining industry, the

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number of Portuguese natives employed when the negotiations for revision began was only about 56,000, out of a total native labour force of about 240,000. This low proportion has been due to the engagement of a much larger number of natives from the Union and from the native territories of Basutoland, Bechuanaland and Swaziland. The marked diminution in the number of Portuguese natives employed on the mines has undoubtedly affected adversely the economic condition of Mozambique.

The second change was a provision that, after the first nine months of service by any Portuguese native employed on the mines, one half of his wage was to be retained and paid to him on his return to Mozambique. The actual payments are made to the natives as they arrive in Mozambique by officials of the recruiting organisation of the Chamber of Mines.

As regards railway traffic the Convention practically took over the provisions of the 1909 Convention, fixing the share of seaborne traffic to the competitive area coming through the port of Lourenço Marques at 50 to 55 per cent. of the total. In practice, however, it has not been found possible to maintain that limit. Alterations in the tariffs affecting the railway to Lourenço Marques can only be made by agreement between the two Administrations, and in consequence it has not been found possible to keep the traffic coming through Lourenço Marques, which has risen to about 62 per cent. of the total, within the limits fixed by the Convention. It is mainly for this reason that a revision has been called for by the Union Government.

The negotiations have been protracted, and there is reason to believe that the adjustment of the railway traffic has been the most serious obstacle in the way of an agreement. The recruiting of native labour in Mozambique for the gold mines of the Witwatersrand is undoubtedly a matter of great importance to the Union, though the mines no longer look to the Portuguese province as their main source of supply. But it has become of almost equal

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importance for the internal economy of the province itself. This shifting of the balance of importance in the matter of the labour supply has brought new considerations into the question of the railway and harbour traffic. In the *modus vivendi* of the Milner Government, and the agreements that followed it, up to and including the existing Convention of 1928, the paramount consideration on the side, first of the Transvaal and then of the Union, was that of securing an adequate supply of native labour for the mines. It was on that ground that it was possible to meet the objections of the people of the Union against the arbitrary allocation of so large a share of the seaborne traffic to the Portuguese port, in competition with the ports of the Union. In recent years large amounts of capital have been spent in improving the harbours of the Union and the main lines connecting them with the interior, and there is a natural demand that the effect of these in attracting traffic should not be neutralised by a fixed allocation to the Portuguese port. On the other hand, the business interests of Lourenço Marques have been built up, and are to a large extent dependent, on the through traffic of goods to the mining areas of the Transvaal; and the recruitment of native labour in Portuguese territory, while no longer of the same over-riding importance for the Union as it was in earlier times, is still a necessity for the gold mines.

It is in the interest of both sides that an agreement should be reached, and in that lies the main hope of a successful issue to the present negotiations. Not only are the economic interests of the two countries closely associated, but, though foreigners in relation to each other, they are in a sense partners in the development and civilisation of southern Africa. That this sense of partnership should be promoted, and a spirit of friendship and co-operation in a common task encouraged, is a consideration which should not be overlooked in a settlement of the trade and business rivalries that are the subject of negotiation to-day.

Constitutional Changes in South-West Africa

III. CONSTITUTIONAL CHANGES IN SOUTH-WEST AFRICA

THE mandated territory of South-West Africa has probably suffered as severely from the economic depression as any country in the world. By nature it is a somewhat arid pastoral country with large tracts of waterless desert. Diamonds and base metals have collected a larger population and have justified more elaborate administrative machinery than the surface could support. After 1929 the diamond market collapsed and all production ceased; the prices of copper, lead, and tin fell to such an extent that practically all the mines closed down. Only the farmers remained to support the country, and they too have suffered from low prices. A bad drought last year was matched by floods in the summer; and now an invasion of foot and mouth disease is closing the Union market to the pastoral products of the territory.

Revenue has fallen to less than half the figure reached in 1929. Mining revenue is less than one-ninth of what it then was, and customs less than one-third. Though expenditure has been most drastically cut, establishments and services having been reduced, it is nevertheless only some 25 per cent. below the level for 1929. A deficit amounting to half the revenue collected has had to be met by a loan from the Union Government.

This situation is largely the result of bad finance in the days of prosperity. Up to 1927 the territory had no debt, and each year achieved a large surplus of revenue over expenditure. The surplus was used for public works and capital expenditure, much of which went to swell the funds of the land bank and to promote land settlement; and the interest earned on such loans formed a substantial item of revenue. About 1928 the policy was changed. An increased establishment swallowed up the surplus, and money for capital expenditure was borrowed from the

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Union Government. The territory now owes the Union over £2,000,000, on which the annual charges for interest and redemption amount to over £145,000. This figure is equivalent to more than three-quarters of the deficit, and to nearly 25 per cent. of the total expenditure. In other words, but for these loans the administration would be nearly solvent; whereas now it is hopelessly bankrupt, and has almost reached a situation where the advances from the Union serve only to cover interest on the debt already owing to the lender.

Naturally this did not happen without public comment. The responsibility lay with the Union Government, which exercises all real power under the Constitution. The first impulse was to blame the Government and to demand a greater measure of autonomy. It was felt that the Union Government was not acting fairly in imposing its fiscal system on the territory. The customs tariff of the Union, which is avowedly framed to promote secondary industries, applies to South-West Africa. The latter is thereby compelled to pay inflated prices for all manufactured articles, and in addition to pay high freight charges from the Union. The prices of such articles as flour and sugar are enormously increased by the policy of the Union. Public opinion agreed that if given control of its own customs the territory could frame a tariff which would cover deficits and at the same time lower the cost of living.

In April 1932, accordingly, a resolution was passed by the Assembly asking for increased powers in terms of the South-West Africa Constitution Act of 1925, and also requesting that German be made an official language and that Germans should be naturalised in the territory on the same terms as Union nationals—that is to say, after six months' residence instead of after the five years' residence that applies to foreigners. This resolution was passed unanimously; indeed at that time the necessary two-thirds majority for such a resolution could not be obtained except by co-operation between the parties.

In terms of the constitution the executive government is

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in the hands of an Administrator, assisted by an Executive Committee of four. The Committee is elected by the Assembly, which consists of 12 elected and six nominated members. Certain subjects are reserved from the jurisdiction of the Assembly, and the Administrator deals with these under the direction of the Union Government. In part, this provision was necessary to enable the Union to exercise the mandate from the League of Nations, but in part it was due to the intention to increase local autonomy progressively. The effect has been that local government in the territory is much more restricted than it is under the provincial councils of the Union. Extra powers of control over education, the land bank, crown lands and the police can be granted if they are demanded by a two-thirds majority of the Assembly.

The resolution of 1932 asked for more than could be given by the Union Government without the authority of Parliament. Before this could be obtained the situation in the Union was changed by the formation of a coalition Government and by the suspension of the gold standard.

Feeling in the territory also changed. The economic factor became subordinate to a deep cleavage of opinion on national lines. German nationalism seems to have been stimulated by events in Germany. Legislation was passed to prevent a fascist movement from acting in a violent or provocative manner.

At the same time the non-German section began to wish for incorporation in the Union as a fifth province. The departure of the Union from the gold standard established a large premium on gold, which so enriched the Union Government that it could subsidise the bankrupt Free State, and give enormous subsidies to farmers. If South-West Africa became a province, ran the argument, it could share in the benefits of the gold premium, while the Union would bear the greater part of the expenditure of the territory without regard to balancing it from local revenue.

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Such an outcome would have been most distasteful to the German section, who wish to develop their national life locally, and who fear that they would be swamped if the territory became a province of the Union. Consequently, in May 1933, a further resolution was unanimously passed by the Assembly, asking that the resolution of the previous year should not be acted upon until differences of opinion were bridged.

The normal term of the Assembly is three years, but in view of the proposed constitutional changes this period has been twice extended by a year. A general election is now taking place and is arousing great interest. The United party, representing Union nationals, will undoubtedly secure a majority of the elective seats.* The question of interest, however, is whether they will secure enough seats to bring about the constitutional change that they advocate, namely, incorporation in the Union. The German party is not as strong as it was, partly by reason of the longer residence test for naturalisation, and partly because the Union section has received an accession of strength from the naturalisation of the Angola Boers, who were Portuguese subjects but who have now completed their period of five years' residence. The German party is therefore supporting a number of independent candidates, or candidates who belong to minor parties opposed to the United party.

It is very doubtful whether the Union Government would favour incorporation as a fifth province in the absence of an overwhelming demand for the change. It is unlikely, on the other hand, to extend self-government to a territory which is a bankrupt debtor and which might discriminate against Union trade.

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October 22, 1934.

* With two results still to be declared, the United party held 8 out of 12 elective seats, and a further seat went to an Independent who will support the United party. Three nominated seats, of which it was assured, would thus give the party the required two-thirds majority.

NEW ZEALAND: THE TARIFF AND THE BUDGET

I. THE TARIFF COMMISSION

THE order of reference and the personnel of the Tariff Commission, appointed last year under the chairmanship of Dr. George Craig, C.M.G., Comptroller of Customs, were recorded in a recent number of *THE ROUND TABLE*,* in which it was pointed out that, as the last general revisions of the tariff had taken place in 1921 and 1927, the inquiry under the Ottawa Agreement was being given the widest possible extension. Appointed on May 9, 1933, the Commission sat almost continuously from June 7 to November 9, held occasional sittings up to March 1, 1934, and sent in its report on March 29. But publication was necessarily delayed until after the opening of Parliament on June 28. Though it has not been treated with any very great respect by Parliament itself, the report is a remarkably able, lucid and comprehensive document, which—apart altogether from the fiscal problem—should prove of permanent value as a storehouse of information on the industrial and economic conditions of New Zealand.

Two of the general principles laid down by the Commission at the outset are that "a sound customs tariff should embody a long-range and long-period policy, and cannot properly be framed to meet temporary fluctuating economic conjunctures," and that "a tariff should be formed on the assumption and for the conditions of

* See *THE ROUND TABLE*, No. 92, September 1933, pp. 934 *et seq.*

New Zealand : The Tariff and the Budget economic stability." It followed, of course, that in the opinion of the Commission neither the absorption of a swollen margin of unemployment nor the countering of currency instability was a legitimate function of tariff policy. The Commission described the principal objective of our past tariff policy as having been "the collection of revenue, moderate protection to local industries, preferential treatment to goods of British Empire origin, and, more recently, most-favoured-nation treatment in the case of certain foreign countries." It was not suggested that this policy had ever been in any conflict with either of the principles above mentioned. The second principle, however, foreshadowed the decision of the Commission on an important point which had been the subject of a ruling at its first sitting.

This ruling was that the terms of reference covered the relation of the tariff to the rates of exchange between New Zealand and other countries—a subject which was then exciting a good deal more interest than the tariff itself. But in accordance with the opinions quoted above regarding the proper functions of a tariff the Commission had no recommendation to make on this point. They declared themselves opposed to the variation of tariff rates for the purpose of offsetting the protective effect of a depreciating or depreciated currency, either by means of a sliding scale in correspondence with the degree of currency depreciation, or in any other manner.

It seems to us (says the report) unsound in principle and based on a misunderstanding of the effect of exchange and currency depreciation upon prices. It is generally considered that currency depreciation exercises a protective effect only during the actual process of depreciation. When and to the extent that the depreciation has worked itself out and produced all its effects, and prices are adjusted to the new currency levels, then the exchange would no longer operate as a protective factor. . . . Any tariff compensation would be arbitrary in character, or at all events devoid of a statistical basis. Our opinion is that within a comparatively short period the depreciating process produces the major range of its effects. If this is so, then a reduction in our tariff rates by a

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given percentage to compensate for the raising of the exchange would do serious injustice to our manufacturers and would remove some, if not all, of the protection which they are intended to enjoy under the existing tariff.

Regarding the interpretation of the Ottawa Agreement the Commissioners had no difficulty in giving to Article 7 its commonly accepted meaning, *viz.*, that New Zealand must impose no duties for protective purposes on British goods unless the industries so favoured have a reasonable prospect of success. They admitted that in Article 8 the undertaking to "place the United Kingdom producer in the position of a domestic competitor" was one to which it would be obviously "a physical and economic impossibility to give literal effect." But, believing that an agreement of this kind should receive "that large and generous interpretation which was presumably intended by its signatories," they held that the Dominion's obligation under Article 8 was to "impose a tariff intended to equalise costs of production as between home producers and United Kingdom producers."

The Government's complete approval, both of the principle of interpretation and of the Commission's application of it, was announced by the Minister of Customs, Mr. J. G. Coates, when moving the customs resolutions in the House of Representatives on July 10. In expressing his concurrence Mr. Downie Stewart (who as Finance Minister and Minister of Customs was Mr. Coates's colleague on the Ottawa delegation) threw an interesting side-light on the origin of the clause. Speaking on the second reading of the Customs Amendment Bill on August 22, Mr. Stewart said :—

No change of policy was involved so far as New Zealand was concerned. When British Ministers at Ottawa had asked if New Zealand would be prepared to give British manufacturers a reasonable chance to compete with the New Zealand manufacturer, he had stated at once that that had been the policy of New Zealand for many years past. New Zealand had a tariff that enabled its manufacturers to hold their share of the market, and to increase their

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hold on it as they became more efficient, but they were not protected from all competition. . . . Both Australia and Canada seemed to have interpreted "reasonable" protection as meaning a protection that absolutely safeguarded the market for Canadian and Australian manufacturers.

The Tariff Commission wisely declined "to deal on an academic basis with the general problem of free trade or protection." They considered that our tariff policy, its continuance or modification, is a matter for the legislature and the people. "Perhaps the strongest practical argument for a protective tariff is that it exists and has created a situation that must be met"; the practical problem is "how high the tariff shall be, and on what commodities, and by virtue of what principles it shall be levied." Assuming moderate protection to be the country's policy—an assumption which the uninterrupted acquiescence of some 50 years surely justifies—they added:—

It is difficult to see, apart from the equalisation of costs principle, any alternative basis for a tariff beyond sectional pressure brought to bear on the legislative body—

a shrewd thrust at the practical side of tariff-making which was to be abundantly illustrated at the expense of the Commission's recommendations before Mr. Coates had got his new tariff through.

In his statement of July 10 the Minister of Customs expressed the Government's general acceptance of the Commission's report, and its opinion that only on the clearest and most substantial ground should there be any departure from the letter of the recommendations. The four principal points on which the Government differed from the Commission related to the import duties on wheat and flour, timber, tobacco and motor vehicles. In the last two cases the claims of local industry provided the Government with substantial grounds for its dissent, but not in the other two.

Special stress was laid by the Minister on the importance of the customs tariff in the collection of revenue. About

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38 per cent. of the whole proceeds of taxation came from this source last year. Most of the revenue duties, he said, were being retained at their present level, but where they were adversely affecting trade they would be reduced in the hope of increasing the revenue. The net effect of all the changes proposed was expected to be an addition of about £90,000 to the revenue.

The New Zealand customs tariff, said the Minister, included 449 items, some 344 of which neither the Commission nor the Government proposed to disturb. In one way or another the remaining 105 items were brought under consideration, and on no less than 35 of these, it may be added, the Government had changed its mind before the confirming Bill was introduced on August 21. The bombardment to which the Minister had been subjected during the interval confirmed the wisdom of the Commissioners' remark about the vital importance of "sectional pressure." Regarding most of these amended items, at any rate, it was the Government's susceptibility to pressure and not its superior knowledge of world conditions that chiefly distinguished it from the Commissioners. In the following summary of the Minister's analysis of the original proposals, in so far as they affect the British preferential tariff, the ultimate form of any amended proposal is, where possible, indicated in a parenthesis. Motor car bodies, which were at first put on the free list, have been omitted from the first paragraph as they were afterwards taxed in a general clause.

Protective duties have been abolished on* :—

Certain stock foods; electric cooking and heating appliances (20 per cent.; the general tariff rate has also been increased by 15 per cent. *ad val.*); nails, not elsewhere included (postponed till November 1, 1936); iron and steel pipes and fittings therefor; linseed oil and white lead in oil (postponed till November 1, 1936); wireless receiving sets (built up but not mounted in cabinets,

* British crockery, including breakfast, dinner and tea sets, and cups, saucers, plates, dishes and similar articles for table use, was added to the free list when the Bill was in committee.

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free; mounted in cabinets—till May 31, 1935, 10 per cent.; there-after free).

In the following cases the protection has been reduced :—

Reductions from 25 per cent. to 20 per cent. :—

Preserved and dried milk ; soap ; hats, caps and millinery ; boots and shoes ; leather manufactures ; glass bottles (free) ; stationery and paper, manufactured ; oil engines ; galvanised iron manufactures, metal office furniture, etc.

Reductions from 25 per cent. to 15 per cent. :—

Tinware (up to and including October 31, 1934, 25 per cent. ; on and after November 1, 1934, 20 per cent.) ; furniture and upholstery (postponed to June 1, 1935).

Reductions from 20 per cent. to 15 per cent. :—

Paints and varnishes ; biscuits (postponed to June 1, 1935).

Reductions from 20 per cent. to 10 per cent. :—

Baking powder ; metal and stove polishes ; leather dressings and polishes (these three postponed till November 1, 1934) ; plaster pulp sheets.

Miscellaneous reductions :—

Wooden doors : From 30 per cent. or 4s. per door to 25 per cent. (25 per cent. or 4s. per door, whichever is the higher).

Confectionery and chocolate : From 27½ per cent. to 20 per cent. (25 per cent.).

Apparel : From 27½ per cent. to 25 per cent. or 20 per cent. according to kind.

Whole maize : From 2s. per cental to 1s. 6d. per cental.

Jams, jellies and preserves : From 2d. per lb. to 1d. per lb. (2d. per lb.).

Vinegar : From 6d. per gal. to 3d. per gal.

Cement : From 1s. per cwt. to 8d. per cwt.

Matches, wax and wooden : From 1s. per gross of boxes to 9d. per gross, with corresponding reductions for larger containers (postponed till November 1, 1934).

The following reductions have been made in revenue duties :—

Reductions from 25 per cent. to 20 per cent. :—

Carpets ; fancy goods, sporting requisites, jewellery and plated ware ; tobacco pipes, pouches, cigarette holders and cases.

Other reductions :—

Toilet preparations : From 35 per cent. to 25 per cent.

Pianos and other musical instruments : From 20 per cent. to 10 per cent. (free).

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Engines for tractors : From 10 per cent. to free.

Cigarettes : From 33s. 9d. per thousand to 25s. 6d. per thousand
(postponed to November 1, 1934).

In the following cases the protective duties have been increased :—

Ground or crushed maize : From free to 2s. per cental.

Porcelain enamelled cast iron baths : From 20 per cent. to 25 per cent.

Gas meters : From free to 10 per cent.

The two most important items in the amended proposals which the Minister submitted to the House in the Customs Amendment Bill on August 21 were tobacco and motor vehicles. Tobacco, as he said, is essentially a revenue item, having brought in more than £1,000,000 to the Treasury in 1933. The Commission had drawn attention to the relatively large loss of revenue arising from the protection normally granted on leaf tobacco to the grower, and the Government agreed that it was too high. They accordingly proposed to reduce the duty from 2s. 6d. to 1s. 6d. per lb., and to safeguard the revenue by adding an equivalent amount to the excise duties. Strong representations, however, from what has lately become a prosperous industry caused this proposal to be abandoned, and the duty on leaf tobacco has been fixed at 2s. per pound when used in the manufacture of tobacco, cigars, or snuff, and at 3s. per pound when used in the manufacture of cigarettes. The excise duties have been adjusted accordingly. The duty on cigarette papers has been reduced from 1½d. to ½d. per packet of 60 papers under the British preferential tariff and from 1½d. to ¾d. under the general tariff.

The importance of the motor vehicle from the standpoint both of the revenue and of imperial trade was emphasized by the Minister in his statement. It is a class of manufacture to which we give a special degree of preference, 10 per cent. under the British preferential tariff and 40 per cent. under the general tariff being the normal rates

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 fixed by the Customs Act of 1930; and this encouragement must have contributed materially to the remarkable development of Great Britain's share in the trade in recent years. Of the number of motor vehicles entering this country during the last five years the proportion coming from Great Britain was: in 1929, 15 per cent.; in 1930, 21 per cent.; in 1931, 65 per cent.; in 1932, 83 per cent.; in 1933, 75 per cent. The Commission was of opinion that the assembly of cars was an industry suited to the conditions of the Dominion, but that it could be carried on economically without special protection. Later information convinced the Government that some tariff protection would be necessary, and accordingly it proposed that completely knocked down cars should be admitted at cheaper rates than those on cars completely set up. As finally passed the new clause is as follows :—

Motor vehicles not elsewhere included.

	British Preferential Tariff (per cent. <i>ad valorem</i>).	General Tariff (per cent. <i>ad valorem</i>).
(a) Motor vehicles unassembled or completely knocked down :—		
Up to December 31, 1934 ..	10	55
Thereafter	5	50
(b) Chassis for electrically propelled vehicles of types and under con- ditions approved by the Minister	Free	20
(c) Other kinds :—		
Up to December 31, 1934 ..	10	55
Thereafter	15	60

The Tariff Commission had certainly been generous in its interpretation of New Zealand's obligations under the Ottawa Agreement, and though the Government's original proposals were less liberal and their later decision departed still further from the Commission's recommendations, the general feeling was one of satisfaction that the Government

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had given our friends in Great Britain a fair deal. In the House both the Commission and the Government were subjected to some severe criticism, but the bulk of it came from opposite extremes, which fairly neutralised one another. With its eye focussed on urban industry and immediate results, the Labour Opposition, under Mr. M. J. Savage, denounced the original proposals as "devastating" and even as "throwing the secondary industries to the wolves," and strongly emphasized the fact that Australia, with a tariff about twice as high as New Zealand's, had made no such drastic changes. Possessed of the simple faith which was expressed—on behalf, not of the Government, but of many farmers—in the Prime Minister's cablegram of October 25, 1933, and mistaken by sections of the British press for a "New Zealand offer," Mr. Polson, president of the New Zealand Farmers' Union, declared that the Commissioners had been "obsessed with a desire to maintain a protectionist policy in this country, and the Ottawa Agreement was of secondary importance in their eyes."

But the extreme neither of protection nor of free trade gave the Government any serious trouble. The voice of the consumer, ably represented by Mr. C. A. Wilkinson, Independent member for Egmont, was still less heeded. At 1 a.m. on September 26 Mr. Coates got his Bill through the House, thus completing what is perhaps the most arduous task that ever falls to a New Zealand Minister, and considerably strengthening the parliamentary reputation that he established last year.

II. THE BUDGET

THE financial statement brought down by the Minister of Finance, Mr. J. G. Coates, on August 23 had the three merits of brevity, clearness and cheerfulness. The buoyancy of the revenue, the general improvement in the

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prices of our exports (to which, however, dairy produce continues to be a disastrous exception), and the good season that the farming industry generally had experienced, were some of the happy symptoms mentioned by the Minister. To show that the improvement was not confined to the country districts he referred to the statistics of unemployment. March had passed without the usual seasonal rise in the number of the unemployed, and the total number had declined to a lower figure than at any time since March 31, 1932. As the Unemployment Board has since reported,

The total number of men either wholly or partly a charge on the Unemployment Fund at the end of June, 1934, is 8,890 fewer than at the end of June, 1933, and this in spite of the fact that the peak figure of approximately 75,000 receiving assistance from the Fund occurred between these two dates.

With the increase in the world prices of a considerable part of our exports Mr. Coates coupled the raising of the exchange rate as having "substantially bridged the serious gap between costs and market prices for a great many of our farmers."

Since 1932 the export price indices show an average rise of 20 per cent. (he said). On the other hand, prices internally have remained remarkably stable, the index for wholesale prices showing an increase of 3 per cent. and retail prices a decrease of 3 per cent. In fact, since the raising of the London-New Zealand exchange rate retail prices have been stabilised, not increased. This is borne out by the tables issued by the government statistician showing that, in January and February, 1933, the New Zealand retail price index stood at 26 per cent. and 27 per cent. above July, 1914. Despite the imposition of the sales tax and the increased exchange rate, this increase above the July, 1914, level remained at 26 per cent. and 27 per cent. throughout the year 1933.

Although Mr. Coates's last budget was brought down on November 9, 1933, which was three months later than usual and left little more than three months of the financial year to run, his estimates were exceptionally wide of the mark. But as the depreciation of the exchange and the

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increased taxation had introduced into an already uncertain position two new and not easily calculable factors, and the error had been on the right side, the caviller had nothing to say. Under every heading the taxation revenue showed a great advance upon the estimate, the total being £872,000 above the estimate and £2,337,000 better than last year's figure. The chief contributors to the improvement on the estimates were customs, with £285,000, and income-tax, with £261,000. The sales tax, a new tax imposed for the purposes of the exchange policy, was the main cause of the big advance on last year's figures, its yield of £1,847,000 being also £97,000 above the estimate.

The Minister had budgeted for a revenue of £22,363,000 and an expenditure of £24,457,000, which would have meant a deficit of £2,094,000. But the realisation of a revenue of £23,493,000, against an expenditure of £24,202,000, reduced his deficit to £709,000. His expectation of a general agreement that the result would be accepted as "a satisfactory outcome of a very difficult year" has not been disappointed.

The Minister expressed himself sufficiently satisfied with the outlook to refrain from any increase of taxation, although he could not propose any reductions. He estimated that the principal items of taxation, the interest receipts, and certain other sources of revenue would continue the marked improvement already recorded, and would show an aggregate net increase of £2,460,000. A smaller but fairly uniform improvement was expected in the other sources of revenue, and reserves were to be drawn upon to the extent of £300,000. In this proposal the Minister was following the uniform practice of these lean years, but compared with the £2,500,000 and £2,000,000 levied in this way in the two previous years the amount was moderate. At the same time he was more spirited than his predecessors in defending this use of the reserves as intended for "such times as we have experienced in the last four years."

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On the other side of the account the largest decrease and the largest increase are equally matters for congratulation. The largest of the decreases was a saving of £620,000 in the cost of debt services, chiefly due to the debt conversion operations, of which the country gets the full benefit this year for the first time, and to a saving in interest on treasury bills. The largest of the increases was caused by the addition of £316,000 to the expenditure on defence, which is discussed under another heading. The increase of £119,000 in the estimated cost of social services was almost all occasioned by what the Minister calls the "normal increase of £100,000 in pensions." A reduction of £492,000 in the cost of exchange was another big item on the right side. The final result was that the estimated expenditure for the year was £23,605,000, which was £597,000 short of last year's expenditure and £647,000 short of the estimated revenue.

In view of this fact and of the definite indications that the position was steadily improving, Mr. Coates said that the Government felt itself justified in granting a 5 per cent. increase in salaries and wages as from April 1 to all public servants and others charged on the budget who have suffered both the first and the second cuts. So far as the lower-paid officers were concerned, this would be almost equivalent to a restoration of the second cut. After allowing for a set-off on the tax side, the net cost to the budget would be approximately £205,000. It was also proposed that old age pensions, which had been reduced by 10 per cent. in 1932, should be increased by 5 per cent. as from October 1,* at a cost of £34,000. The only relief given to the taxpayer was the reduction of the unemployment tax on incomes from 1s. to 10d. in the pound, as from October 1. The easing of a form of taxation, which the Minister is doubtless right in regarding as bearing more heavily on the community than any other, was based

* This increase was afterwards made to date back, like the other, to April 1.

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on the surplus of £1,000,000 with which the Unemployment Board closed the financial year, and was expected to cost £500,000 during the current year. But as the finances of the Board were divorced from the Consolidated Fund in 1932-33 the concession did not affect the budget.

Somewhat abridged, the Finance Minister's summaries of the estimates for 1934-35 were as follows:—

REVENUE.						£
Taxation .. .. .	..	..	..	..	..	19,305,000
Interest receipts ..	..	..	..	..	..	2,885,000
Other receipts .. ..	..	..	..	..	..	1,762,000
From reserves .. ..	..	..	..	..	..	300,000
						<hr/> £24,252,000
EXPENDITURE.						£
Debt services .. .. .	..	..	..	..	..	9,777,000
Exchange .. .. .	..	..	..	..	..	1,305,000
Transfer of highways revenue ..	..	..	..	..	..	1,362,000
Other permanent appropriations ..	..	..	..	..	..	409,000
Annual votes—						
Social services .. .. .	..	..	..	..	..	6,961,000
Other votes .. .. .	..	..	..	..	..	3,791,000
						<hr/>
Total .. .. .	..	..	..	..	..	23,605,000
Additional superannuation subsidies ..	..	..	..	..	..	200,000
Increase in salaries and wages .. ..	..	..	..	..	..	205,000
Increase in old age pensions .. .. .	..	..	..	..	..	34,000
Other supplementary estimates .. .. .	..	..	..	..	..	200,000
						<hr/> £24,244,000

Though the surplus of £8,000 thus disclosed was small, it was a pleasant change after the deficits of recent years, and few were disposed to cavil at the fact that, without the raid upon the reserves, not to mention Great Britain's suspension of the war debt payment, there would have been a deficit again.

By far the most searching criticism of the budget was contained in the speech delivered by Mr. W. Downie Stewart in the course of the budget debate on September 7. Mr.

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Stewart, who was formerly Minister of Finance in the Coalition Government, resigned at the beginning of last year owing to his inability to concur in the high exchange policy of his colleagues, but he still sits on the Government side of the House and is generally regarded as its highest financial authority. In some respects, he said, it seemed "as if prosperity had come back to the budget before it had come back to the people," and he argued that the figures were to a large extent illusory. They showed that the revenue derived from taxation during the year was greater by £1,454,000 than that of the preceding year.

To this increased revenue, Mr. Stewart continued, customs had contributed £353,000 more than in the previous year, but the reason was that when the exchange rate was raised new duties had been imposed on motor spirits, tobacco and sugar, and also on the export of gold. These increased duties were calculated to yield about £1,000,000, which meant that without them customs would have shown a heavy drop. Income tax had fallen by £596,000 and stamp and death duties by £286,000, while land tax merely held its own. There were gains and losses among other heads of taxation, but the sales tax, which was entirely new, yielded £1,847,000, and it was to this and the increased customs duties that the improved results shown by the budget were due.

In other words (said Mr. Stewart) up to March last there was no real resiliency or buoyancy in the public finance, and the mainsprings of taxation were actually yielding less than in the previous year.

Nevertheless, Mr. Stewart was satisfied that the present prospects were much more reassuring, because without any new taxation the estimates of revenue showed substantial prospective increases in practically all items. In view of the large increase of imports he was himself inclined to believe that the estimated increase of £1,114,000 in the customs revenue was a conservative one. It was also clear that had it not been for the extra taxation necessitated by the raising of the exchange rate the budget would

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not only have been balanced, but would have shown a substantial surplus. This would have warranted the granting at an earlier date of the concessions now being made, and also a substantial reduction of taxation in the present year.

After reviewing the successive increases of taxation whereby, since the Prime Minister was first confronted with a prospective deficit of £3,000,000 in 1930-31, an addition of about £12,000,000 had been made to the revenue, Mr. Stewart said that this represented an increase of nearly two-thirds of the taxpayer's burden as it stood before the depression. This fact, combined with the general fall in incomes, part of it statutory, forced him to the conclusion that before long a complete overhaul of our direct taxation would be necessary in order to determine whether the burden was being fairly distributed, or whether the system was not arbitrary, capricious and calculated to defeat itself by discouraging the expansion of enterprise. In 1929-30 the commercial community had contributed 66 per cent. of the whole income-tax revenue. Since then their burdens had been increased by a sales tax, a 30 per cent. super-tax on taxable income, a further special tax of 4d. in the pound on assessable incomes in excess of £500, and the raising of the exchange rate. The inquiry he had suggested was therefore in his opinion a matter of some urgency.

III. DEFENCE

UNDER the combined influences of straitened finance and dependence on the Labour party the Forbes Government in 1930 struck a grievous blow at our defence system. It effected a saving of nearly 60 per cent. in our military expenditure, by formally suspending but virtually destroying the compulsory training system, which had rendered us excellent service for twenty years. The appropriation for defence, which stood at £492,000 in

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1929-30, had fallen to £215,000 in 1931-32. It is to the credit of the National Expenditure Commission that it was the only public authority which in the depth of the depression showed any serious concern about the matter, and that, although its function was to recommend reductions in expenditure, it was compelled to point out that here economy had been carried too far. In its principal report, dated July 1, 1932, the Commission supplied a comparative table of the cost of land and air defence in Great Britain and some of the Dominions.

				Estimates.	Per head.
				£	£ s. d.
Great Britain, 1931-32	..	..	..	58,030,000	1 8 5
South Africa, 1929-30	..	..	..	866,000	0 9 9
Canada, 1929-30	..	..	..	3,305,000	0 6 9
Australia, 1931-32	..	..	..	1,777,000	0 5 6
New Zealand, 1931-32	..	..	..	215,000	0 2 10

New Zealand, which was once near the top of the list, was now at the very bottom. The Commission recommended that as soon as finances permitted the whole position should be reviewed, "as it is a *sine qua non* that all parts of the Empire should contribute adequately and proportionately to the general scheme of Empire defence." In his financial statement last year Mr. Coates referred with approval to the National Expenditure Commission's recommendation, and said that some additional expenditure on defence could no longer be postponed if the country was to be enabled "to play a worthy part in its own defence and to co-operate to any extent in the general scheme of Imperial defence." The Government had accordingly resolved upon measures which would eventually have the effect of substantially strengthening the defences of the Dominion. There were some slight increases in last year's estimates, and this year more substantial advances bring the naval defence vote up to £453,000 and the defence vote up to £525,000—figures which certainly compare very favourably with the votes of £394,000 and £215,000 in 1931-32.

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The object of the increase in the defence vote was explained by the Finance Minister as "chiefly far more up-to-date coast defences and aircraft." Speaking in the budget debate on September 12 the Minister of Defence, Mr. J. G. Cobbe, gave some further particulars. The measures for the protection of the coast-line were to include long-range guns of the latest design, anti-aircraft guns and torpedo-carrying aircraft. A considerably increased amount had been allocated to civil aviation, as it would supply trained men for the military branch if the necessity ever arose. It was also proposed to strengthen the liaison with Australia, the first step being the resumption of the training of officer candidates for the New Zealand permanent forces at the Royal Military College, Sydney; and an air officer would be sent to England for special training.

Mr. Cobbe, who spoke with a vigour that recalled the spirit of New Zealand's pre-depression, if not pre-war, era, was heard with special interest because he was the Minister of Defence who superintended the scrapping of our training system in 1931. The fierce denunciation of the Minister's "fire-eating sentiments" from the Labour benches also recalled the militant pacifism of the Labour party's free-lance period, when it had neither experienced nor contemplated the responsibilities of Opposition. Outside the ranks of Labour there is little dissent from the programme of the Government, but there is still a deplorable indifference to almost every issue except those created by the depression, and the public badly needs educating to a sense of the risks and responsibilities of the latest phase of the post-war world. Unofficially as well as officially Sir Maurice Hankey's admirably timed visit is likely to render us a very valuable service.

New Zealand.

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